

Inland Northwest Economic Adjustment Strategy

Prepared for:

Idaho Department of Commerce / Idaho Department of Labor /
Idaho Rural Partnership
Montana Department of Commerce
Oregon Economic & Community Development Department
Washington Department of Community, Trade, and Economic Development

By:

Barney & Worth, Inc.

In association with:

Birdsall & Associates
Paul H. Ehinger & Associates
E.D. Hovee & Company
Rural Development Initiatives, Inc.



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This report was prepared by Oregon Economic & Community Development Department and other state agencies. The statements, conclusions, and recommendations are those of the authors and do not necessarily reflect the views of the Economic Development Administration.

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Inland Northwest Economic Adjustment Strategy

I. Executive Summary

Introduction

The four Pacific Northwest states of Idaho, Montana, Oregon and Washington are developing an *economic adjustment strategy* for the 97-county Inland Northwest¹. This region – located in the Upper Columbia Basin, east of the Cascade mountain range and west of the Rockies – is undergoing a wrenching shift within its traditional resource-based economy.

Several primary sectors of the Inland Northwest's economy experienced unprecedented pressure during the 1990s – timber and wood products, agriculture and mining. These industries have been impacted by federal policy changes and other forces.

The rural communities of the Inland Northwest are not sharing the benefits of the Pacific Northwest's period of robust, sustained economic growth. In fact, research confirms that many rural communities – particularly those which still rely mainly on natural resources – are falling further behind their urban counterparts. This economic distress has been caused, to a great extent, by federal public land management decisions and policy changes over the past two decades.

Work to develop an *adjustment strategy* that addresses the region's socio-economic dilemma was initiated in 1999 by the four states and a coalition of counties. This partnership received two planning grants from U.S. Economic Development Administration and assistance from the four state governments to systematically research socio-economic conditions and design an economic adjustment strategy to cover the entire 97-county, 14-tribe region.

The Inland Northwest Economic Adjustment Strategy has been prepared in two phases:

Phase I – Comprehensive analysis of the region and its communities and tribes.

Phase II – Creation of a “*roadmap for economic vitality*” based upon locally identified needs and priorities.

The Strategy was developed under the guidance of a 40-member regional Advisory Committee. The Committee was assisted by a consultant team led by Barney & Worth, Inc.

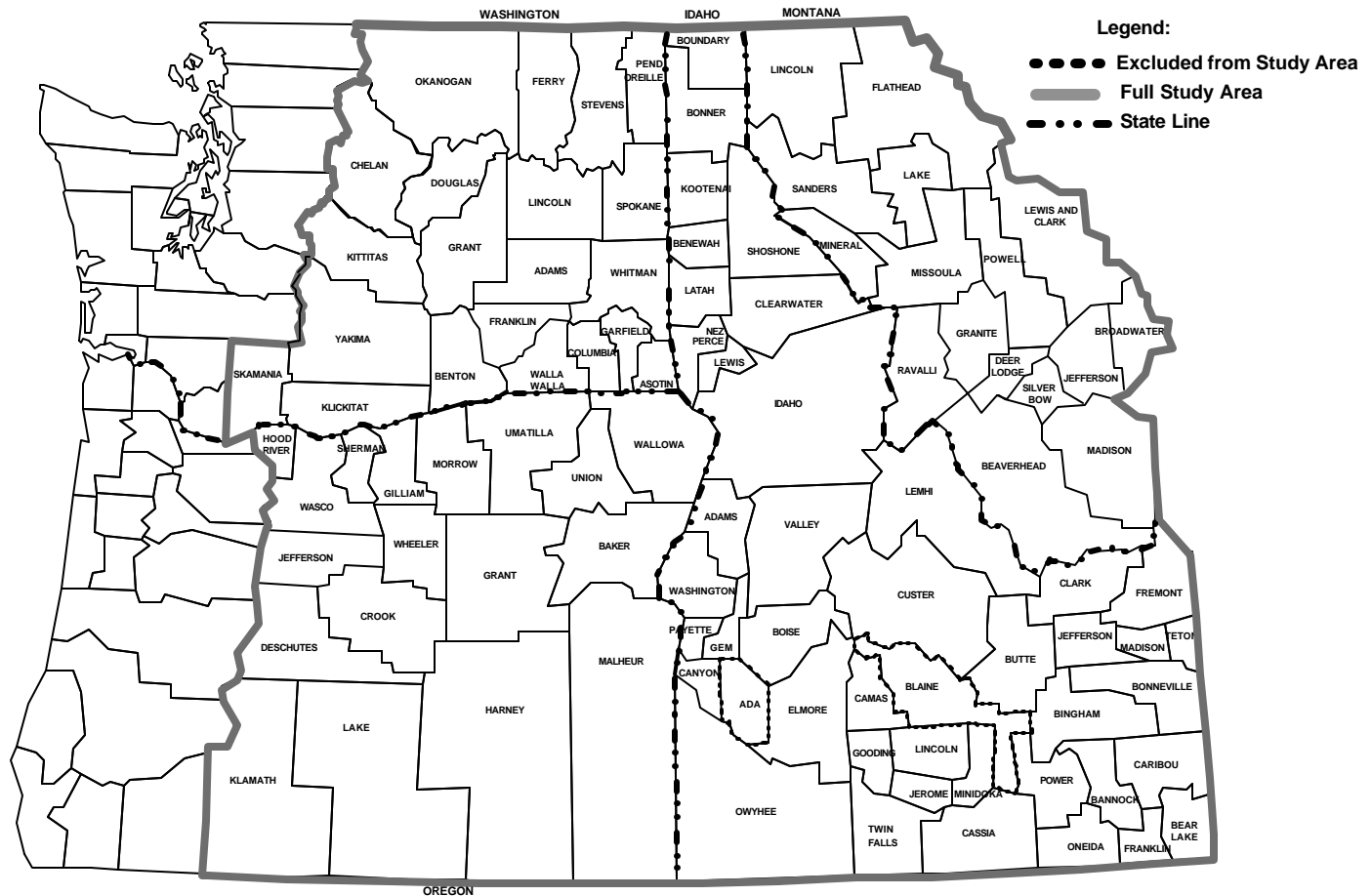
Recap: Phase I Analysis

The purpose of the Phase I assessment (completed in June 2000) was to better understand the economic distress afflicting so many communities in the region. The assessment evaluated socio-economic impacts experienced by rural, resource-dependent towns, counties and tribes – due to changing demographics, market shifts, and federal public land decisions.

¹ Two counties in this 99-county geographic area are omitted from the economic adjustment strategy: Ada County (Boise) and Blaine County (Sun Valley), Idaho. Socio-economic indicators for these two counties exceed the four-state average, and they were dropped from further analysis after Phase I.

Results of the Phase I assessment confirmed there are some subtle socio-economic disparities among the Inland Northwest's counties. However, these differences – in population trends, employment, income and other measures – are overshadowed by much greater disparities when the region is compared with national averages and the rest of the Pacific Northwest.

Inland Northwest Economic Adjustment Strategy: Study Area



The Inland Northwest's decline in the 1990s appears to be related to federal policy changes affecting timber harvest, grazing allotments, endangered species, environmental regulations, etc. The Phase I assessment determined more than half of the counties in the study area are well below the four-state and national averages for the socio-economic factors assessed. Only fifteen counties are experiencing socio-economic conditions that are merely average. Over the entire Inland Northwest, just two counties are doing better than the four-state Pacific Northwest socio-economic average. And 26 counties rank near the bottom, no matter how socio-economic vitality is measured.

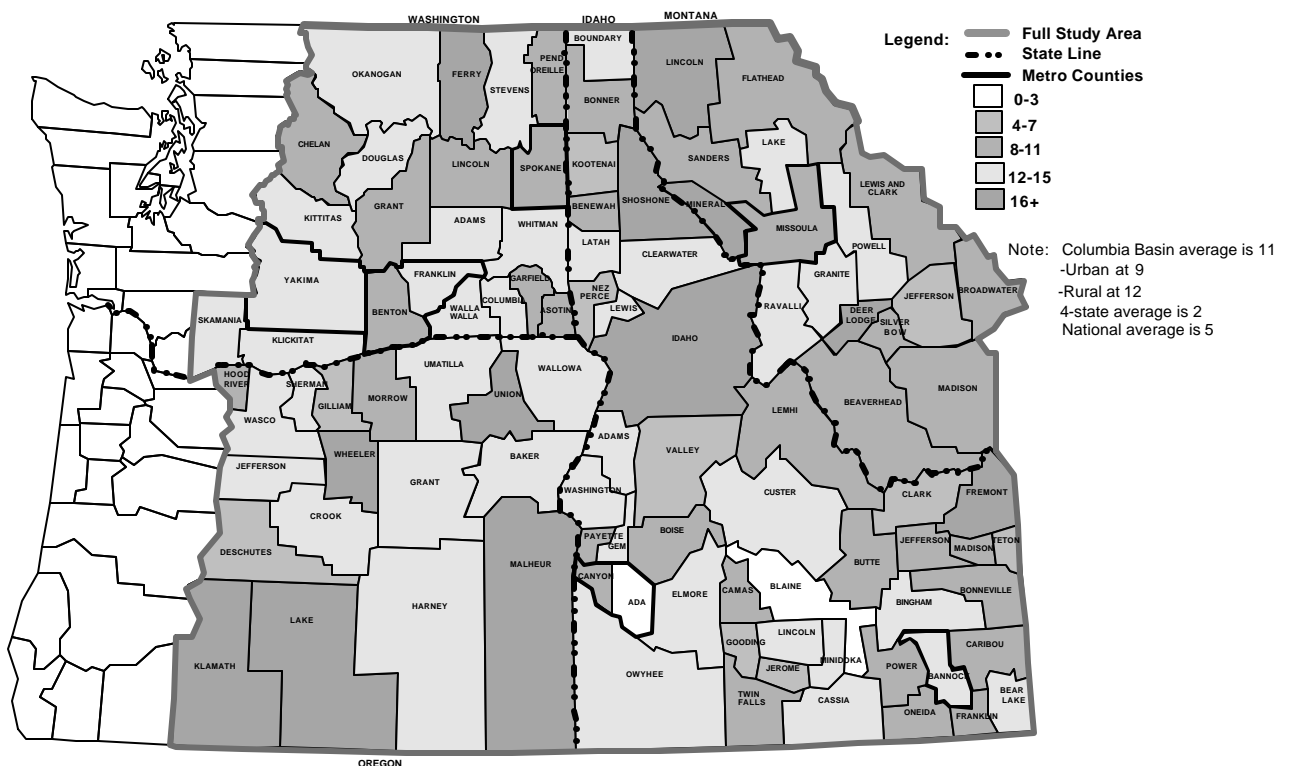
Inland Northwest Economic Adjustment Strategy

Results of Phase I Assessment

- ✓ Socio-economic conditions within the region are generally consistent from state to state, although significant differences exist between counties.
- ✓ Per capita income is rising faster than inflation – but falling further behind the rest of the Pacific Northwest and nation.
- ✓ Chronic unemployment persists, with unemployment rates as high as 14% in some counties. Only about one-fourth of Inland Northwest counties experience lower than average unemployment.
- ✓ The drop in federally managed timber harvest has contributed significantly to deteriorating socio-economic conditions in Inland Northwest counties.
- ✓ This socio-economic decline is occurring despite steady population growth which surpasses Pacific Northwest and national growth rates.

The accompanying map summarizes the socio-economic condition of Inland Northwest counties: A – High vitality; B – Moderately high vitality; C – Moderate vitality; D – Moderately low vitality; E – Low vitality

Inland Northwest Socio-Economic Vitality Index



New Analysis: The Plight of a Resource-Dependent Region

The second phase of the Inland Northwest assessment examined conditions over the past decade for two important natural resource sectors in the Inland Northwest: forest products and agriculture. The extent of federal public land ownership in the region was also analyzed, along with the record of federal policy shifts. This in-depth analysis reveals how these key sectors have declined over the past decade, and consequences for the region's resource-dependent economies.

Forest Products

Impacts on the forest products sector were studied in-depth by Paul F. Ehinger & Associates. The data show that more mills have closed (110) since 1988 than remain open today (109). Over 11,500 primary mill and woods jobs have been lost.

Inland Northwest – Mill Closures (1989 – 2000)

	Mills Closed	Lost Production* (Million Board Feet)	Lost Employment**
Idaho	31	854	1,731
Montana	23	717	1,700
Oregon	34	1,110	3,632
Washington	22	570	1,575
Totals	110	3,251	8,638
Average per Mill		29.6	78.5

* Lumber production only. Does not include production for board / plywood / veneer or pulp

** Does not include woods jobs lost – approximately one woods job for every three mill jobs

Source: Paul F. Ehinger & Associates

Further highlights of the forest products analysis:

- Mill closures have occurred throughout the 1990s, all across the Inland Northwest. The mill closure trend has continued unabated over the decade, with 3 to 15 mills closed each year. The closures persist despite wide swings in lumber prices during this period – from \$230 to \$420 per thousand board feet.
- The mill closures have touched nearly every forest products category – lumber, plywood, veneer, hardboard – although none of the five existing pulp mills closed.
- The main reason for the mill closures in the Inland Northwest has been the loss of federal timber supply. This was the primary cause in about half of the closures, and at least a significant contributing factor in eight of every ten closures.
- In just a decade (1989-99), the annual federally managed timber harvest in the Inland Northwest declined from about 3 billion board feet to 516 million board feet – an 83% drop.
- Private timber harvest has not filled – and cannot fill – the supply gap. Private harvest over the 4-state region actually declined 12% from 1989 to 1999.

- Experts project another 12-15 mills will close in the region by 2006, unless a stable source of federal timber is provided.

Agriculture

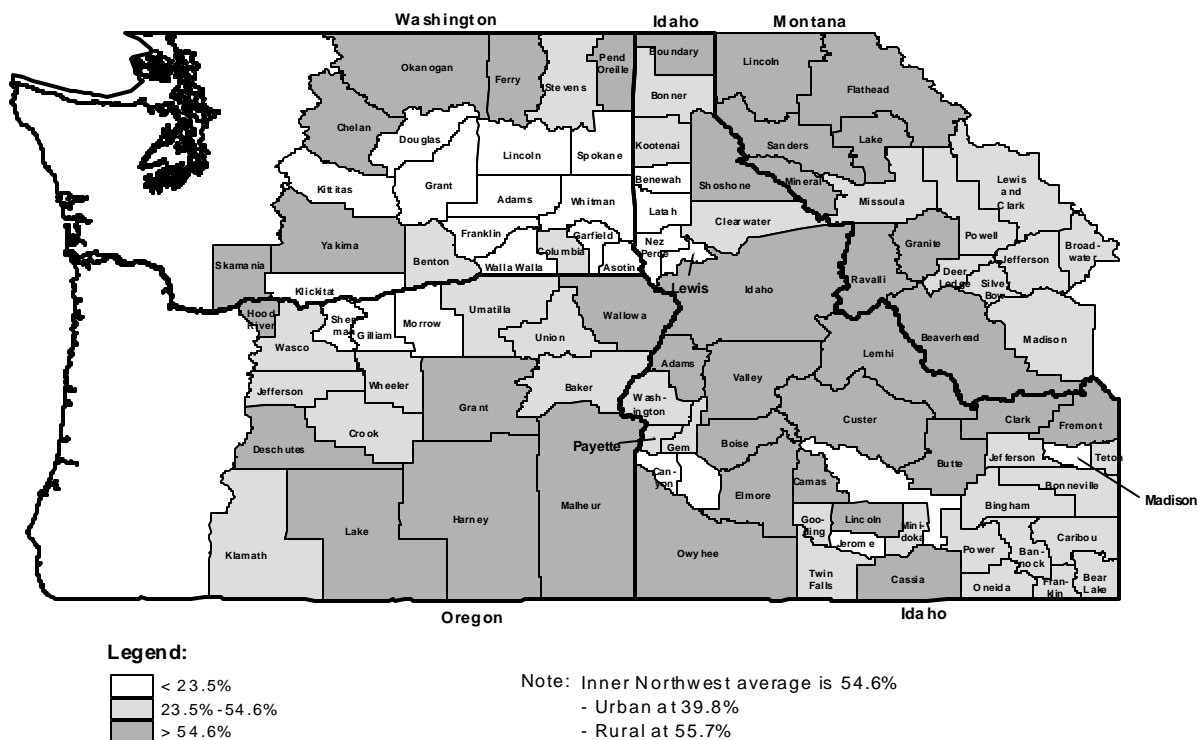
The economic picture for agriculture in the Inland Northwest has also been poor. While overall agriculture production and grazing levels have risen moderately – 3.3% annually (1990-99), the region's producers have generally not been able to operate profitably. Over the past decade, the four Pacific Northwest states have lost market share to agricultural competitors. Cattle is the only leading agricultural commodity of the Inland Northwest for which today's market prices exceed production costs. The region's other top crops – wheat, milk, potatoes, apples – are all experiencing long, deep slumps.

Poor market conditions have made agriculture unprofitable across the region. By 1999, farm incomes plummeted in Oregon and Washington, to 64% and 48% of the 1990-98 average. Farm incomes in Idaho and Montana remained flat. In 2001, drought conditions and energy shortages pose further challenges.

Influence of Federal Lands and Actions

Phase I of the socio-economic assessment showed a link between federal public land ownership and resource-dependent economies. Counties having a high percentage of federal ownership tended to experience greater decline during the 1990s, and most continued to rely on resource-based economies. Region-wide, 54.6% of all land is under federal ownership / control, versus 23.5% nationally.

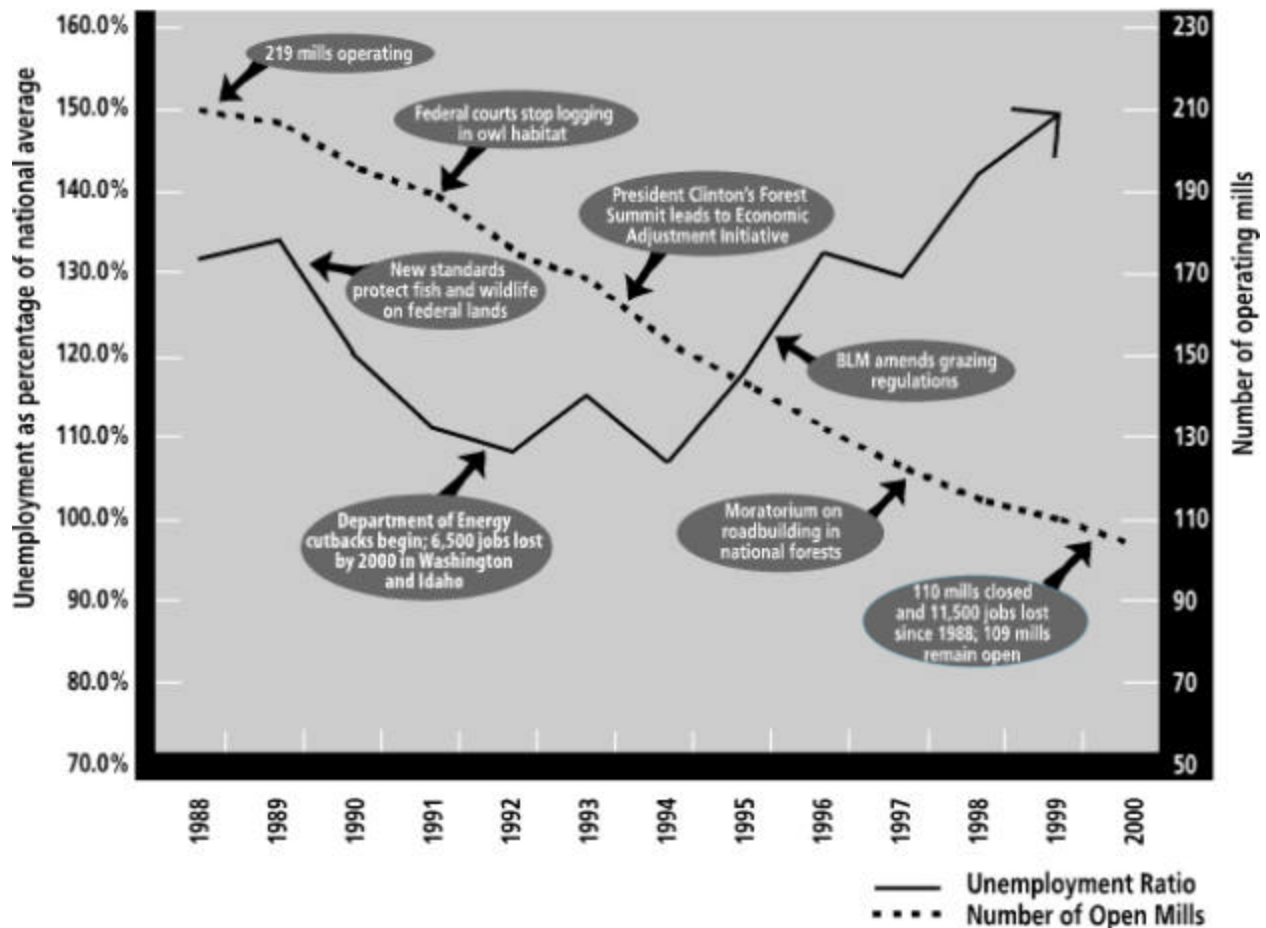
Percent of Land Under Federal Ownership (USFS, BLM, BIA, DOD, DOE)



Phase II of the assessment also looked beyond federal public land ownership, to consider the influences of various federal policy actions on the socio-economic vitality of the Inland Northwest and its communities. These federal actions – many of which are unique to the Pacific Northwest – include new environmental regulations, reductions in the federally managed timber harvest, more than 100 endangered / threatened species listings, significant cutbacks in Department of Energy research and production, and other policies.

The accompanying chronology illustrates how the timing of some of the most important actions corresponds with the region's socio-economic decline during the 1980s and 1990s.

Federal Actions in the Inland Northwest Region



The Current State of Community Plans and Projects

The regional assessment also conducted an extensive review of local economic development plans and projects for communities and tribes across the Inland Northwest. The consultant team compiled and reviewed a total of 164 community / tribal plans. A few highlights:

- Most of the plans are current: more than half were prepared in 1999 – 2000 (although some of these are updates).
- Nearly two-thirds of the plans focus on a single community or county.
- Fewer than half of the plans identify *opportunities*, *issues / barriers*, and *strategies*.
- *Business development* strategies are the most common type.
- The pattern of opportunities and issues is fairly uniform across the four-state area.
- Few of the plans – only 23 of 164 community and tribal plans – provide enough details to guide implementation.

Parallels exist between community and tribal plans, but there are also important differences. Additional priorities described in tribal plans include: cultural heritage; stronger continued dependence upon natural resource-based economy; more emphasis on organizational needs and opportunities; deeper and more wide-ranging socio-economic problems, including much

higher unemployment and poverty rates; and different tribal demographics – generally a much younger population.

The 164 community / tribal plans list a total of 3,383 projects. The most prominent project categories are *infrastructure*: roads, water, sewers (36% of projects); *quality-of-life*: parks and recreation, cultural assets, public safety (28% of projects); and *business retention / expansion* (19%).

Local Involvement in Developing the Adjustment Strategy

The Inland Northwest Economic Adjustment Strategy is built upon a region-wide base of participation. The four-state partnership hosted 14 community forums across the region, attracting some 800 participants.

Feedback from forum participants highlighted the challenges confronting towns, counties and tribes throughout the Inland Northwest. Three trends were raised at every forum:

1. The *slowed pace of natural resource production* (particularly forest products and minerals), leading to job loss and out-migration of skilled labor – and myriad socio-economic impacts for communities and tribes.
2. *Deteriorating conditions for agriculture*, where poor markets have been worsened by drought and energy shortages, leaving many family farms unable to continue.
3. *Growth pressure* in “amenity” counties (those attracting visitors and new residents) and counties close to urban centers, creating unmet service demands and higher prices.

A consensus of forum participants supported a proposal to develop a region-wide economic diversification strategy, enabling communities to jointly attack these challenges. Forum participants also suggested a number of specific strategies to help diversify local resource-dependent economies, and boost the capacity of communities and tribes to take action.

Roadmap for Socio-Economic Vitality

The region-wide scope and nature of the challenges confronting the Inland Northwest economy suggest that only a region-wide approach can be effective. Community and tribal leaders in four states agree, and are seeking help from state and federal governments to join them in a well-coordinated assault on the region’s widespread socio-economic distress.

Current federal and state programs are not adequate to address the special needs of the Inland Northwest. Economic diversification of the region will require more resources, delivered in a more effective way.

Key elements recommended for an effective Inland Northwest Economic Adjustment Strategy:

1. *Federal / state / local / tribal agency teamwork*: A team approach, used successfully for the westside adjustment strategy, once again offers a good chance for success. Requirements include significant federal support – both funding and staff. The four states must also become key participants, dedicating funding and staff to the regional initiative. This effort can be managed through a regional coordinating entity formed by the participants, with earmarked funding and full-time staff.

2. *Project development*: Communities and tribes will be assisted to identify needs and issues, then asked to prioritize their projects. The regional coordinating body will work to ensure federal / state programs and resources address local needs and priorities. This group will also conduct applied research to help guide region-wide initiatives: for workforce development, value-added agriculture, etc.
3. *Tribal strategy*: A distinct approach will be needed to gain full participation of all 14 tribes in the economic adjustment. While tribal needs and opportunities are similar to those of rural communities, there are enough differences to warrant an independent strategy. It is recommended this tribal strategy be developed and coordinated in collaboration with Affiliated Tribes of Northwest Indians (ATNI), Bureau of Indian Affairs – Region 10 (BIA), and the individual tribes. Maintaining government-to-government relations with the participating tribes is also crucial.
4. *“Barrier-busting”*: Another objective will be to remove impediments which may impair the capacity of communities / tribes to diversify their economies. Such barriers may include laws, agency regulations, policies, procedures, priorities and permitting.
5. *Evaluation and feedback*: Monitoring the ongoing effectiveness of the regional strategy, and making adjustments along the way, is vital to the program’s success. Benchmarks must be set and resources committed up front to enable this systematic evaluation process to work. The results of monitoring will be shared with communities, tribes and program funders, to facilitate an ongoing update of the strategy.
6. *Funding*: The adjustment strategy will also identify funding needs and sources; including federal and state funds, local match and private partnership opportunities.
7. *Communication*: The regional coordinating entity will play a role in enhancing region-wide communication, maintaining contact with jurisdictions and tribes, increasing their awareness of funding opportunities, and publicizing their successes.

The four-state strategy is built upon local community plans and priorities. Adequate professional planning assistance will be needed at the local level to ensure the strategy can succeed. Weak or incomplete community / tribal plans can be aided by:

- An increase in funding that provides more local staff.
- Additional feedback and assistance to local planning efforts from federal and state agencies.
- Easy access for communities / tribes to first class technical assistance as they improve their plans.

Potentially effective diversification strategies (shown below) have been identified for Inland Northwest communities and tribes through the evaluation of plans / projects, and region-wide outreach at 14 forums.

Inland Northwest – Effective Community Strategies

- ✓ Business development
- ✓ Local entrepreneurship / small business development
- ✓ Workforce development
- ✓ Sustainable natural resources
- ✓ Partnerships with federal public land managers
- ✓ Infrastructure investments
- ✓ Tourism
- ✓ Community capacity-building

Next Steps

Leveling the playing field in terms of community readiness will help ensure that the right economic diversification resources are invested in the right places at the right times. The challenge is to bolster existing plans; to develop plans and priorities in areas where none exist; and to support local economic development organizations, tribal governments and economic development districts with staffing, technical assistance and outreach.

The region needs an understanding of which communities are in “but-for” situations. For example, a community may not be able to consider economic diversification until a basic health and safety issue – a non-compliant sewer system, for example – is brought into order. An immediate goal is increasing community and tribal readiness for an economic adjustment strategy.

The four states and tribes will prepare for implementation of the Inland Northwest Economic Adjustment Strategy by:

- Creating a regional hub to support effective results-oriented and community-driven economic vitality efforts; and
- Providing assistance to tribes, economic development districts and counties to develop high quality economic development plans that detail priority projects, timelines and project financing strategies;
- Working to ensure the resources are available to implement these strategies

II. Introduction

Background

Economic growth in the 1990s has generated unprecedented prosperity in many American communities. This prosperity hasn't been shared by rural, resource-dependent towns, counties and tribes in the Inland Northwest region, where economic conditions have actually deteriorated. In contrast to the urban centers of the Pacific Northwest, the viability of these rural communities has been impacted by wrenching changes in markets and demographics. At the same time, federal public land management policy decisions and new national priorities have also had unintended consequences for Inland Northwest communities and their economies.

As this situation unfolds in scores of rural communities, there is growing recognition that a region-wide effort is needed to address the deep-rooted problems. With assistance from the U.S. Economic Development Administration (EDA), the states of Idaho, Montana, Oregon and Washington are now collaborating in a process to systematically evaluate the impacts of federal public land decisions on communities and tribes across the Inland Northwest. This analysis will provide the basis to develop a regional *Economic Adjustment Strategy*.

Desired outcomes for the Adjustment Strategy include:

- Provide a regional assessment of the socio-economic vitality being experienced within the Inland Northwest region;
- Create region-wide grassroots awareness of the problems, and involve community and tribal leaders in devising possible strategies and solutions; and
- Secure Congressional, Administration and Federal Agency understanding and support for economic diversification, workforce training and infrastructure investment in the Inland Northwest.

Work was initiated in 1999 to develop the Adjustment Strategy that addresses the region's socio-economic dilemma, led by a coalition of counties and tribes across the four-state area. This partnership received two planning grants from U.S. Economic Development Administration and assistance from the four state governments to systematically research socio-economic conditions and design an economic adjustment strategy to cover the entire 97-county, 14-tribe region.

The Inland Northwest Economic Adjustment Strategy has been prepared in two phases:

Phase I – Comprehensive analysis of the region and its communities and tribes using ten socio-economic indicators, and mapping of the results.

Phase II – Creation of a “roadmap for economic vitality” based upon locally identified needs and priorities.

A region-wide socio-economic assessment completed in June 2000 represented the first step in this process. The assessment provides a socio-economic profile of the region and its communities, and introduces an index of indicators to measure regional socio-economic distress. The results quantify current socio-economic conditions and trends, and demonstrate

possible impacts of federal natural resource decisions on Inland Northwest counties. The assessment serves as a foundation for the economic adjustment strategy developed in the second phase of the project.

The Adjustment Strategy was developed under the guidance and advice provided by members of a 30-member regional Advisory Committee. Financial and technical support for the regional assessment / Adjustment Strategy was provided by EDA, Idaho Rural Partnership, Idaho Department of Commerce, Montana Department of Commerce, Oregon Economic & Community Development Department (OECDD), and Washington Department of Community, Trade and Economic Development (CTED).

The second phase of the regional assessment was conducted by a multi-disciplinary consultant team led by Barney & Worth, Inc. (Portland, OR and Olympia, WA). To prepare the Inland Northwest Economic Adjustment Strategy, the consultants worked with communities and tribes in all parts of the region: to review community plans and projects; convene regional forums; and prepare case studies describing current conditions and strategies for selected communities / tribes.

Consultant team participants and roles for Phase II of the regional assessment are shown below.

Inland Northwest Economic Adjustment Strategy

Consultant Team	Phase II Assignments
Barney & Worth, Inc. (Portland and Olympia) Clark Worth Jason Robertson Michele Neary	<ul style="list-style-type: none"> • Consultant Team Manager • Community Plans / Projects, Forums, Case Studies: Montana and Washington • Reports and Presentations
Birdsall & Associates (Boise) Jim Birdsall	<ul style="list-style-type: none"> • Community Plans / Projects, Forums, Case Studies: Idaho
Paul F. Ehinger & Associates (Eugene) Paul Ehinger	<ul style="list-style-type: none"> • Analysis of Forest Products Sector
E.D. Hovee & Company (Vancouver) Eric Hovee Paul Dennis	<ul style="list-style-type: none"> • Update / Supplement Phase I Analysis • Analysis of Agriculture Sector and Federal Lands • GIS Mapping • Community Potential Index
Rural Development Initiatives, Inc. (Eugene) Kathi Jaworski Craig Smith	<ul style="list-style-type: none"> • Coordinate Forums • Community Plans / Projects, Forums, Case Studies: Oregon

Study Area

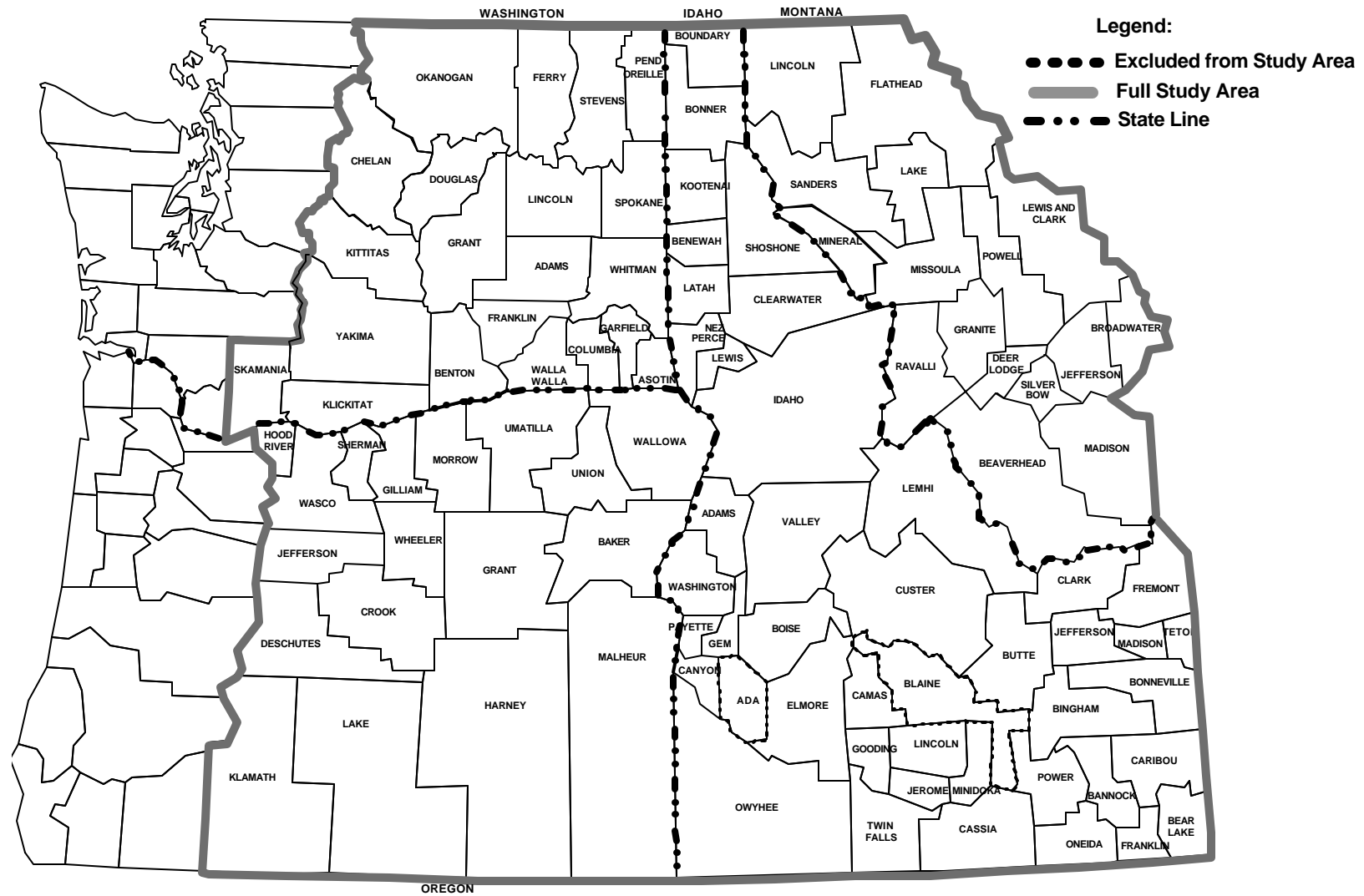
The Inland Northwest Socio-Economic Adjustment Strategy covers 97 counties and 14 tribes and tribal confederations in four states: spanning Idaho, western Montana, eastern Oregon, and eastern Washington. The Inland Northwest region accounts for about 3.1 million persons, or 28% of the four states' combined population of 11.2 million. Participating counties and tribes are listed below, and shown in the accompanying map.

Study Area Counties: Inland Northwest Economic Adjustment Strategy

OREGON (18)	WASHINGTON (21)	IDAHO (42)	MONTANA (16)	
Baker	Adams	Adams	Gooding	Beaverhead
Crook	Asotin	Bannock	Idaho	Broadwater
Deschutes	Benton	Bear Lake	Jefferson	Deer Lodge
Gilliam	Chelan	Benewah	Jerome	Flathead
Grant	Columbia	Bingham	Kootenai	Granite
Harney	Douglas	Boise	Latah	Jefferson
Hood River	Ferry	Bonner	Lemhi	Lake
Jefferson	Franklin	Bonneville	Lewis	Lewis and Clark
Klamath	Garfield	Boundary	Lincoln	Lincoln
Lake	Grant	Butte	Madison	Madison
Malheur	Kittitas	Camas	Minidoka	Mineral
Morrow	Klickitat	Canyon	Nez Perce	Missoula
Sherman	Lincoln	Caribou	Oneida	Powell
Umatilla	Okanogan	Cassia	Owyhee	Ravalli
Union	Pend Oreille	Clark	Payette	Sanders
Wallowa	Skamania	Clearwater	Power	Silver Bow
Wasco	Spokane	Custer	Shoshone	
Wheeler	Stevens	Elmore	Teton	
	Walla Walla	Franklin	Twin Falls	
	Whitman	Fremont	Valley	
	Yakima	Gem	Washington	

Inland Northwest Tribes	
Idaho	Coeur D'Alene Tribe Duck Valley Shoshone-Paiute Tribes Kootenai Tribe Nez Perce Tribe Shoshone – Bannock Tribes – Fort Hall
Montana	Confederated Salish and Kootenai Tribes
Oregon	Burns Paiute Tribe Klamath Indian Tribe Confederated Tribes – Umatilla Reservation Confederated Tribes – Warm Springs
Washington	Confederated Tribes of the Colville Kalispel Indian Community Spokane Tribe of the Spokane Reservation Confederated Tribes & Bands – Yakama

Inland Northwest Socio-Economic Adjustment Strategy: Study Area



Phase I Methodology

The region-wide socio-economic assessment (Phase I), completed in June 2000, was conducted using a methodology developed in collaboration with representatives of the four states and EDA. Main elements of the approach are summarized below.

Measuring Socio-Economic Vitality

To assess conditions across the four-state Columbia Basin, several socio-economic indicators were chosen. Key indicators established for the regional assessment included population trends, employment, income, and output / export measures. Data were compiled from federal and state agencies and proprietary sources. These key indicators allowed the consultant team to profile all Inland Northwest counties using consistent, up-to-date data sources.

The tribal characteristics analyzed for the assessment varied somewhat from counties, due to the availability (or lack) of data. Tribal indicators included: total population, percent child population, percent retirement population, unemployment rate, labor force participation rate, total employment, poverty rate, and proportion of area regulated by BIA.

Regional Index

The preliminary results of the assessment were tapped to formulate a regional index. The index provides a tool to evaluate and compare the relative socio-economic vitality of individual counties within the four-state Inland Northwest region.

The ten indicators included in the regional index are:

1. Population change
2. Change in income from immigration
3. Per capita income
4. Change in per capita income
5. Transfer payments (public assistance as % of total income)
6. Unemployment rate
7. Labor force participation rate
8. Employment change
9. Output per job
10. Assessed valuation per capita

Generally, the ten indicators chosen for the regional index were analyzed for each county, and compared with the *four-state average*, to determine a county's degree of economic vitality. Per capita income and 24-month unemployment rate were compared with the *national average*, in keeping with the methodology used for EDA's distress index. Results of this analysis were also compared with results produced using existing indices devised by EDA and the states of Oregon and Washington.

Review of Community Plans

Community plans were analyzed for each of the participating counties to identify community priorities, and to compare them with project categories funded by federal and state agencies. This analysis was completed with assistance from representatives in each of the four states.

The following program / project categories were examined:

- Public infrastructure
- Business retention and recruitment
- Community capacity building
- Education and training

States were asked to identify funding sources for each program / project category funded in Fiscal Year 1999. Funding sources evaluated included: U.S. Economic Development Administration, U.S. Forest Service, U.S. Rural Development Administration, U.S. Housing and Urban Development, other federal sources, and state agencies.

The results of this initial review of community plans provide greater understanding of current socio-economic conditions and future prospects, from community to community across the Inland Northwest. Results of the Columbia Basin Socio-Economic Assessment (Phase I), completed in June 2000, are available in several documents:

- Executive Summary (5 pages)
- Summary Report (approximately 50 pages)
- Technical Appendix: with data, maps, graphs and explanatory text (about 60 pages)
- Supplemental data sets for Inland Northwest counties

Phase II Methodology

Developing the Adjustment Strategy

The second phase of the Inland Northwest strategy supplemented the results of the earlier socio-economic assessment, and culminated in creation of the Inland Northwest Economic Adjustment Strategy – intended to serve as a roadmap to achieve economic diversification and socio-economic vitality.

The Phase I study area was modified for Phase II, to delete the two counties which consistently ranked at or above the four-state and national averages: Ada County and Blaine County in Idaho. All socio-economic indicators were recalculated for the revised 97-county region. The revised socio-economic data were then converted to digital (GIS) maps.

Additional elements of the Phase II methodology include:

- Supplementary analysis of two key sectors of the Inland Northwest economy: forest products and agriculture.
- Expanded analysis of lands under federal ownership / control, to incorporate U.S. Department of Defense and Department of Energy holdings.
- Exploration of the impacts on the region of federal policy changes during the 1980s and 1990s.
- Evaluation of 164 community / tribal plans and over 3,000 projects to determine local priorities, strategies, and readiness to proceed with economic diversification.
- Public forums conducted across the region, involving 800 local community and tribal leaders in developing the Adjustment Strategy.
- Case studies of seven communities and four tribes in all parts of the Inland Northwest.
- Assessment of community potential and community readiness.
- Development of the Inland Northwest Economic Adjustment Strategy, guided by a 30-member Advisory Committee.

Reports

Reports and documents completed for Phase II of the Inland Northwest Economic Adjustment Strategy include:

- Executive Summary (8 pages)
- Report (approximately 75 pages)
- Technical Appendix: with additional technical reports, data and maps, community case studies, results of community forums
- GIS maps: displaying results for every socio-economic indicator and all 97 counties in the Inland Northwest region

These reports and other materials from Phase I and Phase II are available in electronic format from the participating states. The full documents can be viewed by visiting the web-sites for the Idaho Department of Commerce: **www.idoc.state.id.us**; Montana Department of Commerce: **www.commerce.state.mt.us**; Oregon Economic & Community Development Department: **www.econ.state.or.us**; Washington Community Economic Revitalization Team: **www.wacert.wa.gov**; or by contacting Barney & Worth, Inc. (info@barneyandworth.com)

Advisory Committee / Technical Team

The Inland Northwest Economic Adjustment Strategy has benefited from guidance and advice provided by members of the four-state Advisory Committee and Technical Team.

The 30-member Advisory Committee contributed to development of the assessment methodology, reviewed the preliminary results and assessment findings in seven workshops held in: Boise, Idaho; Kalispell and Helena, Montana; Portland, Oregon; and Spokane, Washington. Some Advisory Committee members also helped compile community plans and other data in each of the four states. Members included representatives of cities and counties, tribes, state and federal agencies, and other interested organizations.

Technical Team members served as senior technical advisors to the Advisory Committee and consultant team. The Technical Team's economists shaped the methodology, approved data sources used for the assessment, and offered professional commentary on the research results.

Members of the Advisory Committee and Technical Team are listed on the next page.

Inland NW Economic Adjustment Strategy

Advisory Committee

*Anne Berblinger	Economic Development Administration, US Dept of Commerce
*Karin Berkholtz	Washington Office of Trade and Economic Development
*Tom Brumm	Oregon Economic and Community Development Department
*Dr. Richard Gardner	Idaho Rural Partnership
*Sarah Garrison	Oregon Economic and Community Development Department
*Andy Poole	Montana Department of Commerce
*Karl Tueller	Idaho Department of Commerce
Nancy Aldrich	City of Richland, Washington, Mayor Pro-Tem
Alfred Ames	Economic Development Administration, US Dept of Commerce
Ken Armstrong	Oregon public Ports Association
Paul Beddoe	Idaho Association of Cities
Tony Berget	City of Libby, Montana
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Kimberly Craven	Governor's Office of Indian Affairs, State of Washington
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Ken Harward	Association of Cities of Idaho
Bill Hinkle	Washington State Association of Counties
Dr. Brian Holly	Oregon Economic and Community Development Department
John Howard	Oregon Rural Development Council
Ken Hyde	Washington Resource Conservation and Development Council
Colleen Jollie	Governor's Office of Indian Affairs, State of Washington
Jim Justin	Association of Washington Cities
Pam Kelley	Lincoln County Economic Development Council, Spokane, Washington
Lisa Lang	Northwest Oregon Economic Development District
Mike McArthur	Sherman County, Oregon
Darrel McRoberts	Office of Governor Kempthorne, State of Idaho
Paul Parker	Washington State Association of Counties
John Rogers	Economic Development Administration, US Dept of Commerce
Don Serba	Stone Container Rep., Montana
Alan Thompson	Ravalli County, Montana
Richard Thompson	The Shoshone-Bannock Tribes, Fort Hall, Idaho
Bill Tovey	Confederated Tribes of Umatilla Indians
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Gene Vuckovich	Montana Rural Development Partners
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*Steering Committee Members

Technical Team

Jim Adams	Idaho Department of Labor
Karin Berkholtz	Washington Office of Trade and Economic Development
Dr. Phil Brooks	Montana Department of Labor
Mike Ferguson	Division of Financial Management
Dr. Richard Gardner	Idaho Rural Partnership
Dr. Brian Holly	Oregon Economic and Community Development Department
Alan Porter	Idaho Department of Commerce

III. Measuring Socio-Economic Vitality

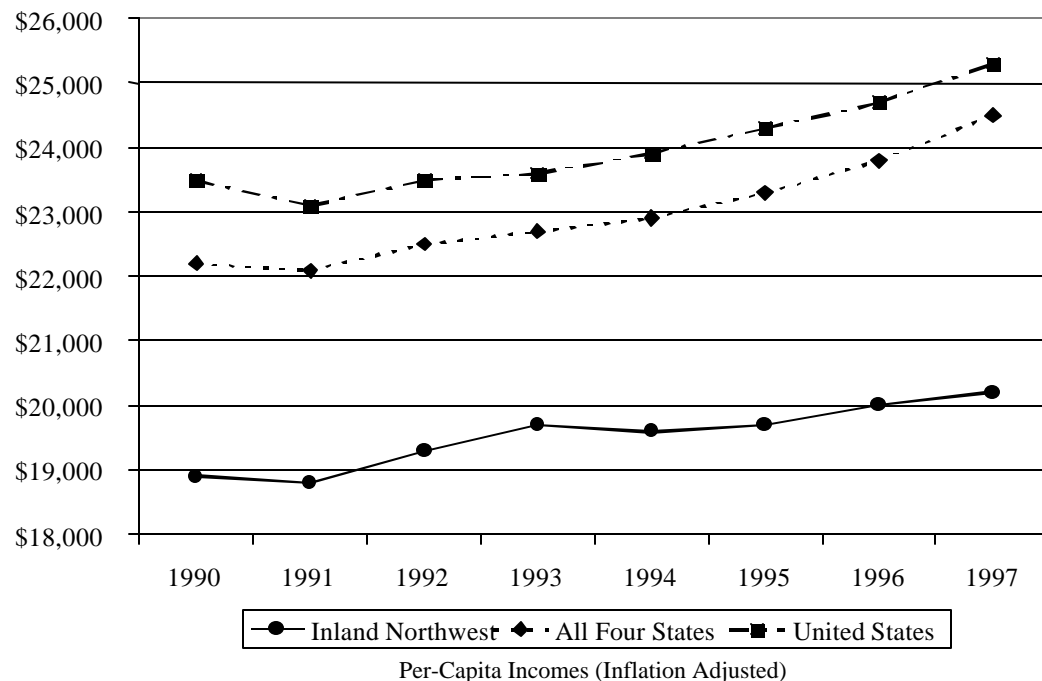
Recap: Phase I Analysis

The purpose of the Phase I assessment (completed in June 2000) was to better understand the economic distress afflicting so many communities in the region. The assessment evaluated socio-economic impacts experienced by rural, resource-dependent towns, counties and tribes – due to changing demographics, market shifts, and federal public land decisions.

Results of the Phase I assessment confirmed there are some subtle socio-economic disparities among the Inland Northwest's counties. However, these differences – in population trends, employment, income and other measures – are overshadowed by much greater disparities when the region is compared with national averages and the rest of the Pacific Northwest.

The Inland Northwest's decline in the 1990s appears to be related to federal policy changes: affecting timber harvest, grazing allotments, endangered species, environmental regulations, etc. The Phase I assessment determined more than half of the counties in the study area are well below the four-state and national averages for the socio-economic factors assessed. And 26 counties rank near the bottom no matter how socio-economic vitality is measured.

**Inland Northwest Incomes are Falling Further Behind
Pacific Northwest and National Averages**



Four alternative methodologies – or “indices” – that measure socio-economic vitality were used to evaluate the 99 counties. The results found that as few as two, or as many as fifteen counties are experiencing socio-economic conditions that are merely average. Over the entire four-state Inland Northwest, only two counties are doing better than the four-state Pacific

Northwest socio-economic average. The two exceptions are Ada County (Boise) and Blaine County (Sun Valley), Idaho.

These findings are consistent with the results of existing socio-economic indices devised by EDA and the states of Oregon and Washington. For example, applying EDA's criteria, only nine of the 99 counties fail to qualify as distressed.

The accompanying map summarizes the socio-economic condition of Inland Northwest counties:

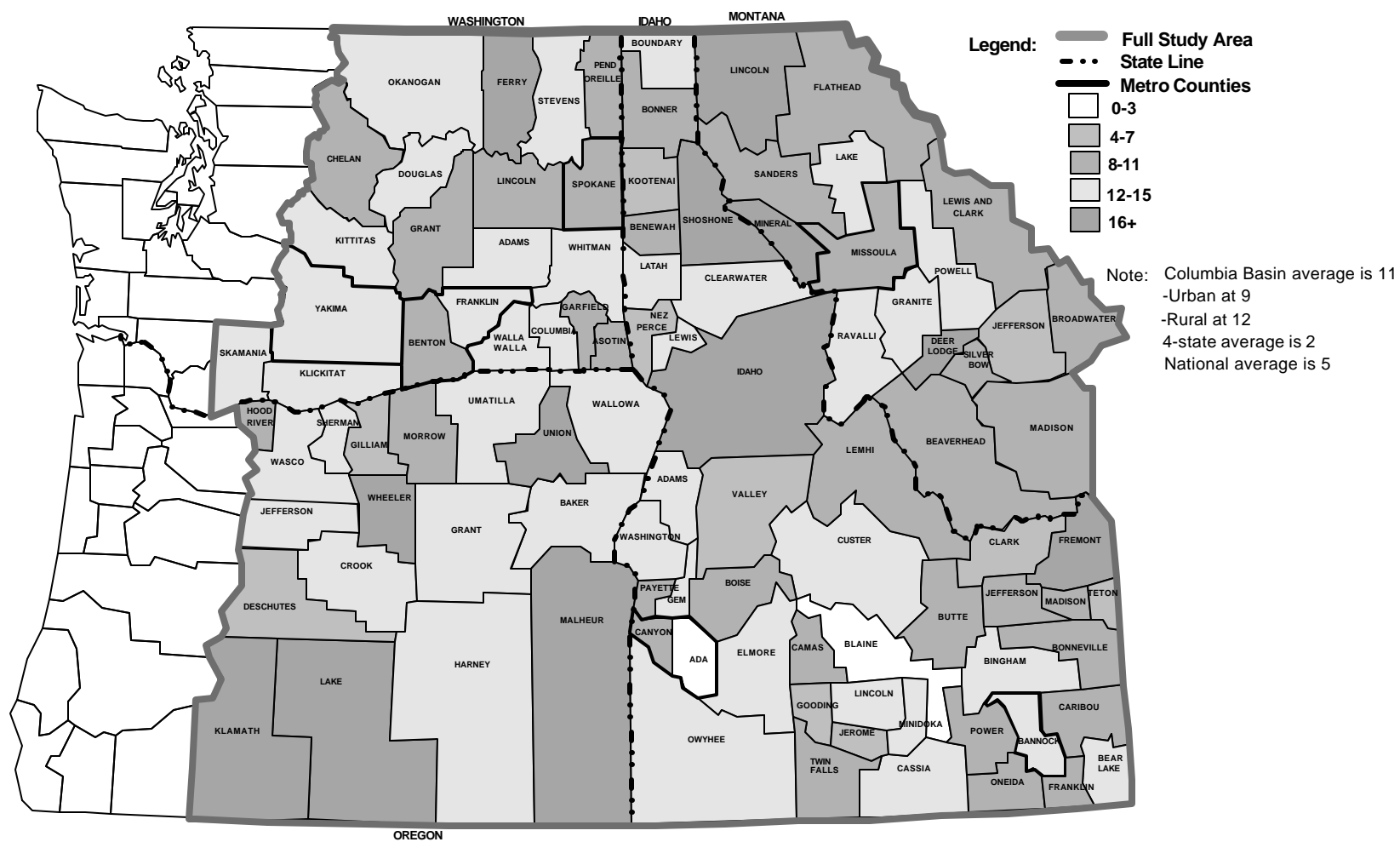
- A – High vitality
- B – Moderately high vitality
- C – Moderate vitality
- D – Moderately low vitality
- E – Low vitality

Additional highlights of the Phase I analysis are shown below.

**Inland Northwest Economic Adjustment Strategy
Results of Phase I Assessment**

- ✓ Socio-economic conditions within the region are generally consistent from state to state, although significant differences exist between counties.
- ✓ Per capita income is rising faster than inflation – but falling further behind the rest of the Pacific Northwest and nation.
- ✓ Chronic unemployment persists, with unemployment rates as high as 14% in some counties. Only about one-fourth of Inland Northwest counties experience lower than average unemployment.
- ✓ The drop in federally managed timber harvest has contributed significantly to deteriorating socio-economic conditions in Inland Northwest counties.
- ✓ A total of 110 mills closed in the region from 1989-2000, with over 11,500 mill and woods jobs lost.
- ✓ This socio-economic decline is occurring despite steady population growth which surpasses Pacific Northwest and national growth rates.

Inland Northwest Socio-Economic Vitality Index



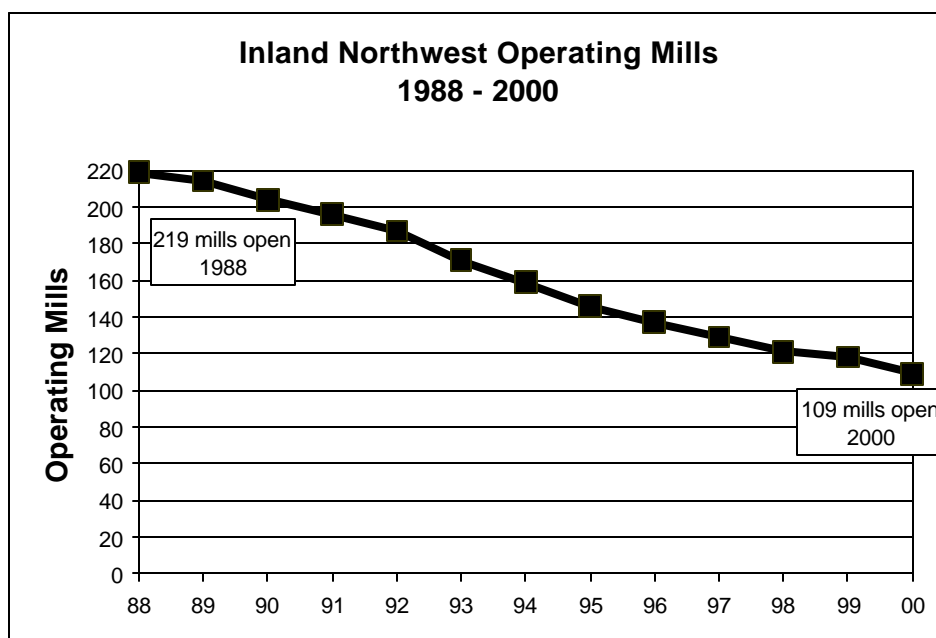
Supplemental Analysis: Phase II

The second phase of the Inland Northwest assessment examined in greater detail the conditions over the past decade for two important natural resource sectors in the Inland Northwest: forest products and agriculture. The extent and impact of federal public land ownership in the region was also analyzed, along with the record of federal policy shifts. This in-depth analysis reveals how much these key resource sectors have declined over the past decade, with serious consequences for resource-dependent Inland Northwest economies.

Forest Products

Impacts on the forest products sector in the Inland Northwest region were studied in-depth by Paul F. Ehinger & Associates. The data show that the region has already lost half of its mills – more mills have closed (110) since 1988 than remain open today (109). Over 11,500 primary mill and woods jobs have been lost.

Over this same time period, the three-state area west of the Cascades (Oregon, Washington and Northern California) experienced 252 mill closures and the loss of 28,600 primary mill and woods jobs. This represents more mill closures and job losses than in the Inland Northwest – but proportionately a much smaller part of the economy.



Source: Paul F. Ehinger & Associates

The main reason for the mill closures in the Inland Northwest has been the loss of federal timber supply. This was the primary cause in about half of the closures, and at least a significant contributing factor in eight of every ten closures. In Eastern Oregon, for example, the federally managed timber harvest fell to just 10% of 1988 levels. Nearly two-thirds of the mill closures here were caused primarily by loss of timber supply.

Inland Northwest – Mill Closures 1989 – 2000

	Mills Closed	Lost Production* (Million Board Feet)	Employment**
Idaho	31	854	1,731
Montana	23	717	1,700
Oregon	34	1,110	3,632
Washington	22	570	1,575
Totals	110	3,251	8,638
Average per Mill		29.6	78.5

* Lumber production only. Does not include production for board / plywood / veneer or pulp

** Does not include woods jobs lost – approximately one woods job for every three mill jobs

Source: Paul F. Ehinger & Associates

Inland Northwest – Federal Timber Harvest (1989-1999) (Million Board Feet)

	1989	1999	Decline	Percent Decline
Idaho	746	217	529	71%
Montana	492	82	410	83%
Oregon	1,404	146	1,258	90%
Washington	434	71	363	84%
Totals	3,076	516	2,560	83%

Source: Paul F. Ehinger & Associates

Further highlights of the forest products analysis:

- Mill closures have occurred throughout the 1990s, all across the Inland Northwest. The mill closure trend has continued unabated over the decade, with 3 to 15 more mills closed each year. The closures persist despite wide swings in lumber prices during this period – from \$230 to \$420 per thousand board feet.
- The mill closures have touched nearly every forest products category – lumber, plywood, veneer, hardboard – although none of the five existing pulp mills closed during this period. Most closed mills were sawmills – as are most of the mills which remain open today – 80 of the 109 operating mills.

- The leading cause of mill closures has been the lack of federal timber supply. In the span of a decade (1989-99), the annual federally managed timber harvest in the Inland Northwest declined from about 3 billion board feet to 516 million board feet – an 83% drop.
- Other factors leading to mill closures include consolidation / modernization of mills, reduced private timber supply, and fires.
- Private timber harvest has not filled – and cannot fill – the supply gap. Private harvest over the 4-state region actually declined 12% from 1989 to 1999.
- Experts project another 12-15 mills will close in the region by 2006, unless a stable source of federal timber is provided.
- The mills still operating in the Inland Northwest today are generally larger, more efficient and more productive than the mills that closed. Open sawmills average 99 employees per mill versus 74 employees per closed mill. Production per employee has increased and today is more than 20% higher for the remaining mills.
- Despite this higher mill productivity, lumber production in the region has fallen by more than 25% overall.

**Timber-Related Causes
for Inland Northwest Mill Closures (1989-2000)**

	1	2	3	Totals
Idaho	9	12	10	31
Montana	10	12	1	23
Oregon	22	6	6	34
Washington	10	6	6	22
Totals	51	36	23	110

Timber related causes:

1. Loss of federal timber supply was *primary reason* for mill closure.
2. Loss of federal timber was *contributing factor* in the mill closure.
3. Loss of federal timber was *not a significant factor* in the mill closure.

Source: Paul F. Ehinger & Associates

Agricultural Production / Grazing

The economic picture for agriculture in the Inland Northwest has also been poor during the 1990s. While overall agricultural production and grazing levels have risen somewhat, the region's producers have generally not been able to operate profitably.

The accompanying figure illustrates the value of agricultural production in the Inland Northwest is falling behind other areas. Inland Northwest agricultural production rose 4.3% in value over a recent five-year period (1992-97), compared to a 4.8% average increase for the Pacific Northwest, and a 5.8% increase nationally. Only one-fourth of Inland Northwest counties have been able to keep up with the national average growth in agricultural production value. And well over half of the counties experienced declining values in agricultural production.

Over the past decade, the four Pacific Northwest states have lost market share to their agricultural competitors. Cattle is the only one of the Inland Northwest's leading agricultural commodities for which today's market prices exceed production costs. The region's other top crops – wheat, milk, potatoes, apples – are all experiencing long, deep slumps.

Poor market conditions have made agriculture unprofitable across the region. By 1999 – the most recent year for which data are available – farm incomes plummeted in Oregon and Washington, to 64% and 48% of the 1990-98 average. Farm incomes in Idaho and Montana remained flat (see below).

In 2001, drought conditions and energy shortages pose further challenges for agriculture in the region.

Inland Northwest Farm Income

	Leading Crops	1999 Net Farm Income vs. 1990-98 Average*
Idaho	Dairy Cattle-calves Potatoes Wheat Hay	103%
Montana	Cattle-calves Wheat Barley Hay	98%
Oregon	Greenhouse (nursery stock) Cattle-calves Dairy Rye grass Hay	64%
Washington	Dairy Apples Cattle-calves Potatoes Wheat	48%

* Figures shown are statewide farm income.

Source: U.S. Department of Agriculture

The most recent data show that grazing increased steadily over the Inland Northwest during the 1990s, growing at a 3.3% annual rate (1990-99). However, this increase lags well behind the 7.3% annual growth rate for the entire Pacific Northwest during the same period.

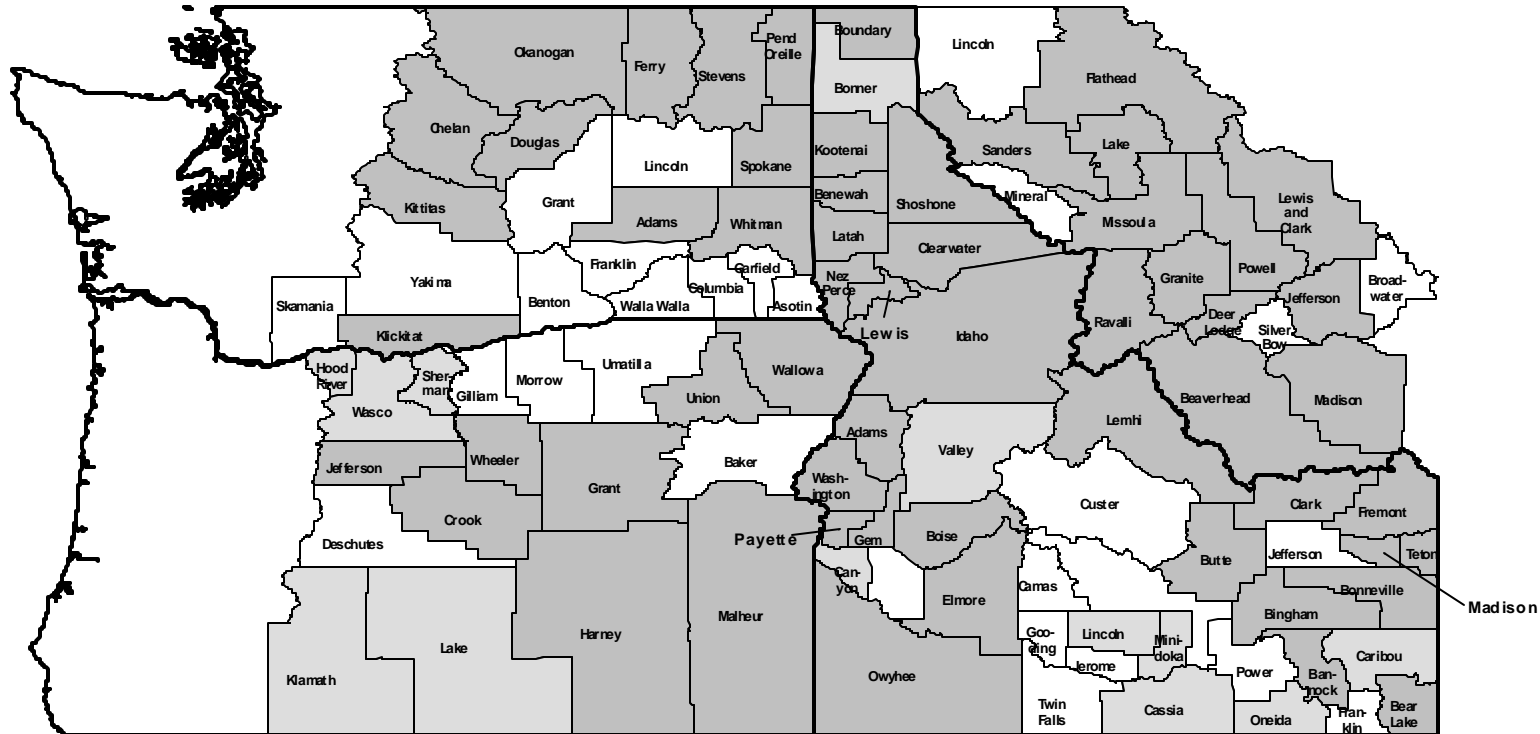
The following table provides grazing data for federal public lands in the Inland Northwest region, and a comparison with the 4-state Pacific Northwest. Grazing volume is shown in *animal unit months* (AUMs).

Inland Northwest – Grazing on Federal Lands (1990-1999)

	Animal Unit Months		Annual Growth
	1990	1999	
Inland Northwest	1,477,757	1,976,108	3.3%
Rural Areas	1,466,139	1,963,874	3.3%
Urban Areas	11,617	12,234	0.6%
Entire Pacific Northwest	1,675,576	3,116,760	7.3%

Annual Percent Change in Animal Unit Months (AUMs) – 1990 to 1999

Change in Value of Agricultural Production (1992-1997)

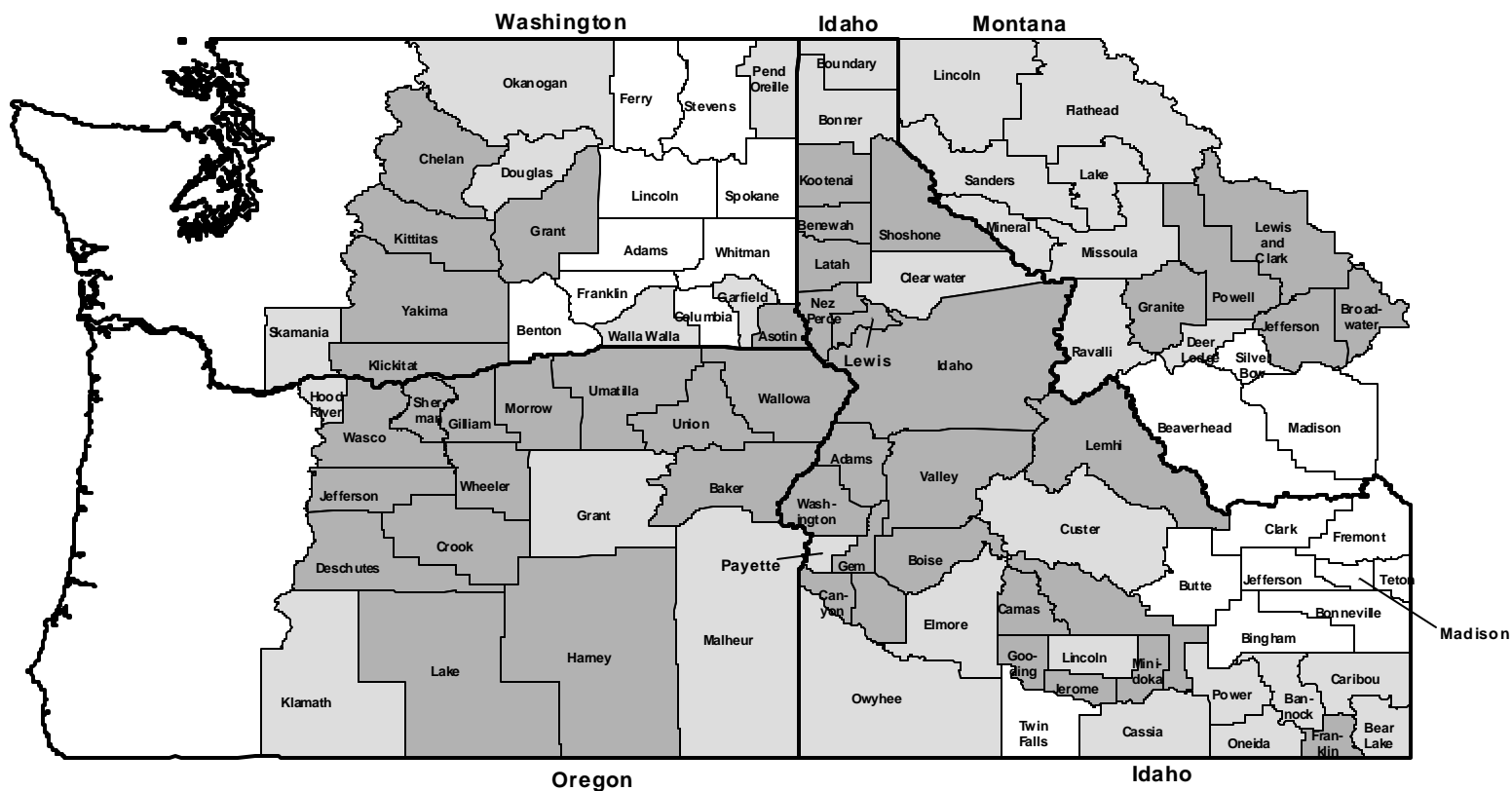


Source: U.S. Census of Agriculture.

Legend:
 +5.8%
 0.0% - +5.8%
 <0.0%

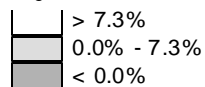
Note: Inland Northwest average is +4.3%
 -- Urban at +9.9%
 -- Rural at +2.3%
 -- 4-state average is +4.8%
 -- National average is +5.8%

Annual Percent Change in Animal Unit Months (AUMs -- 1997)



Source: Bureau of Land Management.

Legend:



Note:

Inland Northwest average is 3.3%
 -- Urban is -1.9%
 -- Rural is 3.2%
 -- 4-State average is 7.3%
 -- National average is NA

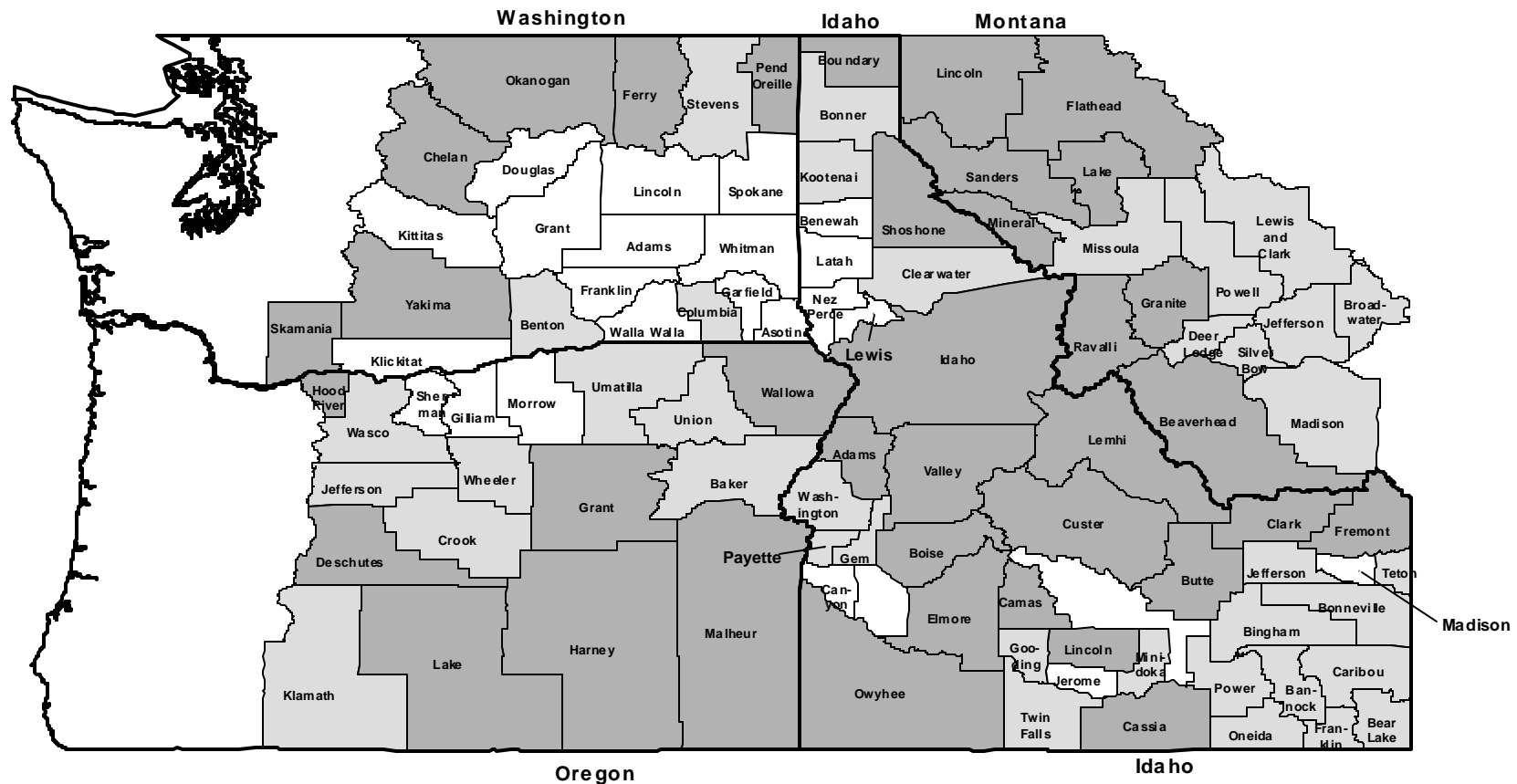
Federal Lands

Phase I of the socio-economic assessment showed a link between federal public land ownership and resource-dependent economies. Counties having a high percentage of federal ownership tended to experience greater decline during the 1990s, and most continued to rely on resource-based economies. The initial phase of the socio-economic assessment looked at lands under federal ownership or control of the U.S. Forest Service, Bureau of Land Management and Bureau of Indian Affairs. Lands under federal ownership / control accounted for 53.9% of the total area of the Inland Northwest.

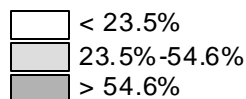
In Phase II, federal ownership was reexamined to determine the additional impact of Department of Defense and Department of Energy ownership. With these agencies' holdings added to the totals, region-wide, 54.6% of all land in the Inland Northwest is under federal ownership / control of these five agencies, versus 23.5% nationally (see figure). In some Inland Northwest counties, federal ownership exceeds 75%.

There is also a strong correlation between federal public land ownership and the proportion of local natural resources employment. The Inland Northwest average for employment in natural resources sectors (forest products, mining, etc.) is 13.9%. One out of every seven employees in the Inland Northwest continues to rely on resource-dependent jobs. Elsewhere, other communities in the Pacific Northwest and nation are far less reliant on natural resources employment. The Inland Northwest's natural resources employment (13.9%) compares to a four-state average of 8.7%, and national average of only 5.7% (see figure).

Percent of Land Under Federal Ownership (USFS, BLM, BIA, DOD, DOE)

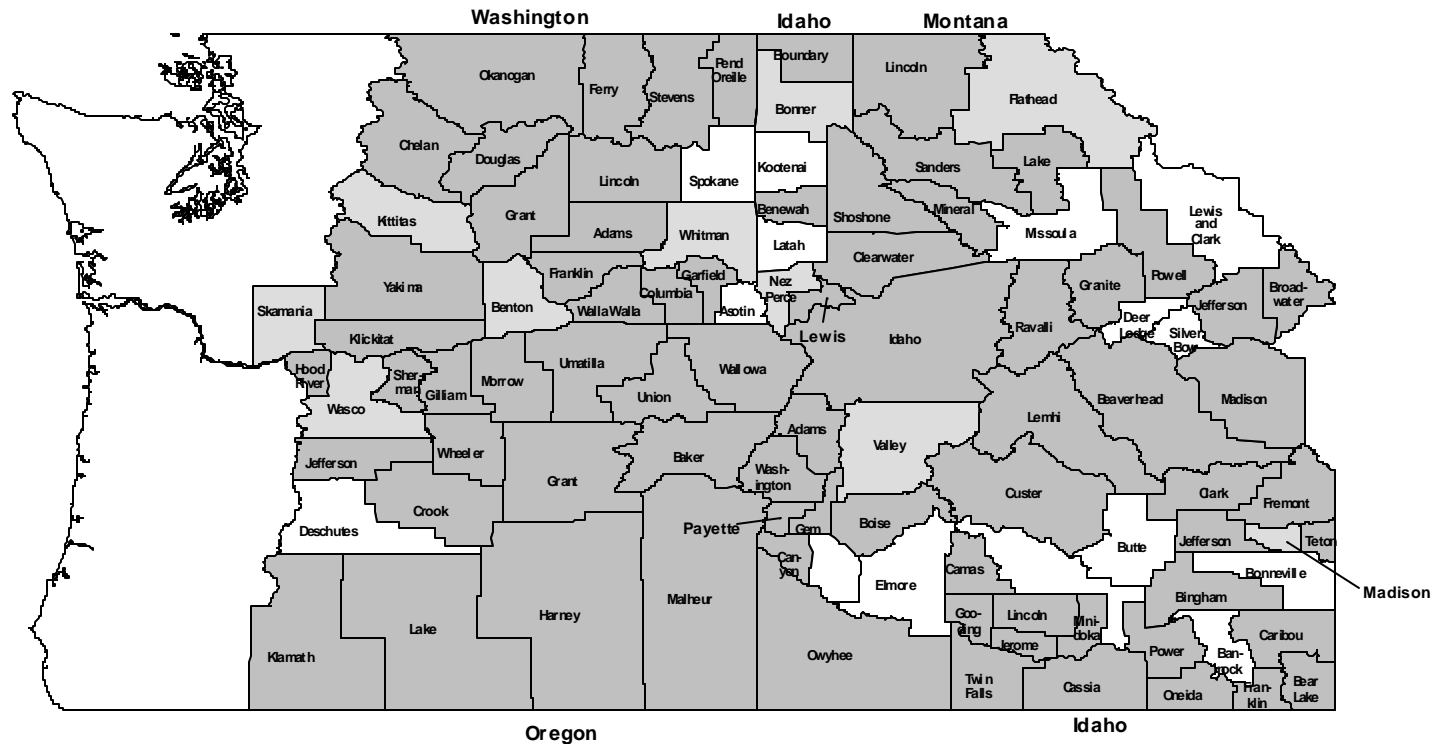


Legend:



Note: Inland Northwest average is 54.6%
 - Urban at 39.8%
 - Rural at 55.7%
 4-state average is 59.5%
 National average is 23.5%

Natural Resource Employment as Percent of Total Employment (1997)



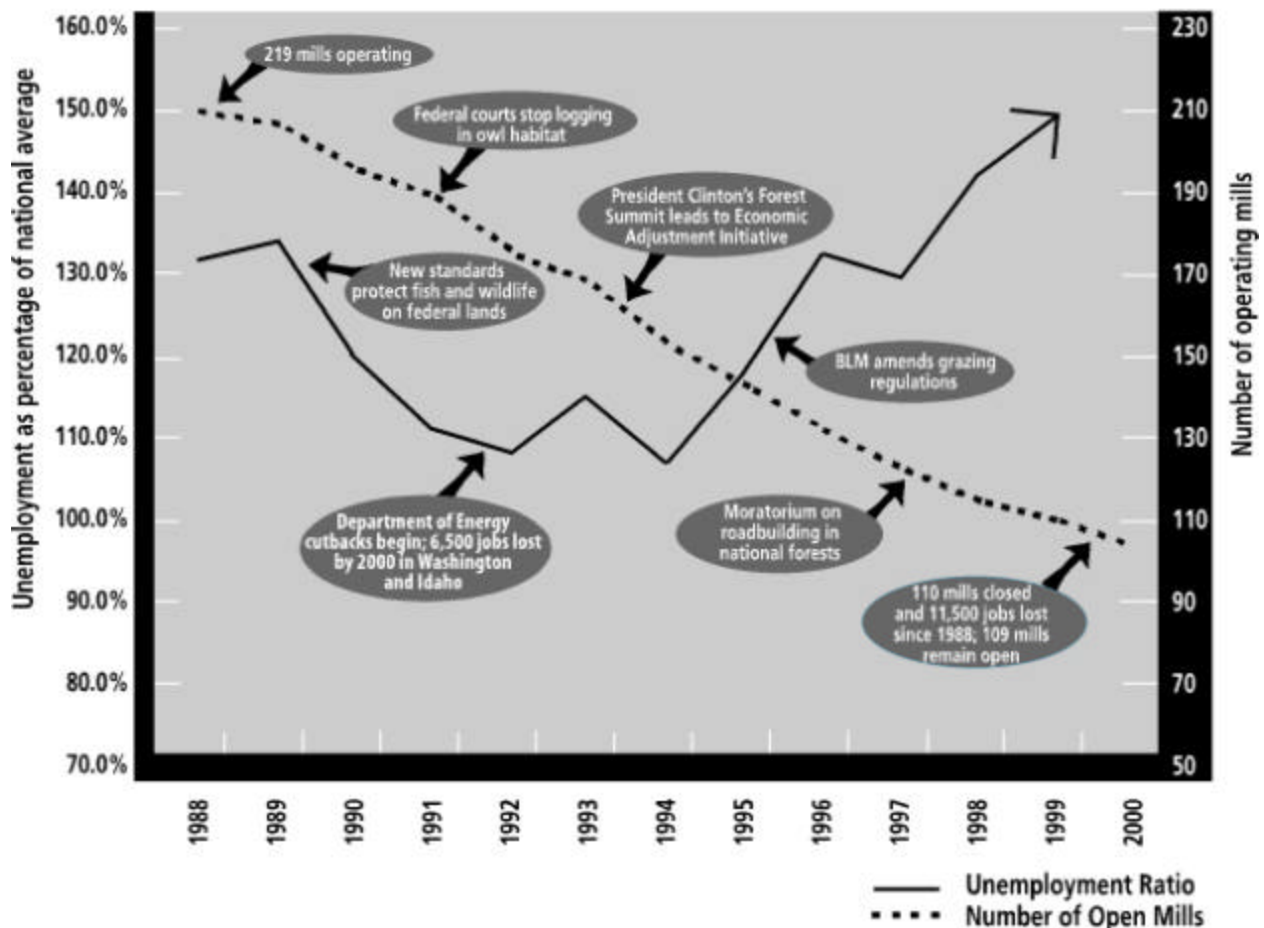
Chronology of Federal Actions

In Phase I of the socio-economic assessment, a link was shown between federal public land ownership and resource-dependent economies. Counties with a high percentage of federal ownership tended to experience greater decline during the 1990s, and most continue to rely on resource-based economies.

Phase II of the assessment looked beyond federal public land ownership, to consider the influences of various federal policy actions on the socio-economic vitality of the Inland Northwest and its communities. These federal actions – many of which are unique to the Pacific Northwest – include new environmental regulations, reductions in the federally managed timber harvest, more than 100 endangered / threatened species listings, significant cutbacks in Department of Energy research and production, and other policies.

The accompanying chronology lists some of the most important federal actions affecting the region during the 1980s and 1990s, and illustrates how the timing of these actions corresponds with the region's socio-economic decline. The compound effects of these federal policies have contributed significantly to the overall decline in the region's socio-economic vitality.

Federal Actions in the Inland Northwest Region



Chronology of Federal Actions in the Inland Northwest 1980 – 2000¹

Date	Action / Decision	
1982	Regulations governing development of forest plans include a requirement to protect fish and wildlife habitat to maintain species viability	
1984	Congressional involvement in old-growth issues increases after passage of state wilderness bills	
Fall 1986	USDA Forest Service releases first guidelines on management of northern spotted owl habitat	
1986 – 1990	National Forest Land and Resource Management Plans released. Plans establish additional standards to protect fish and wildlife, water quality and other uses	
1985-1999	Road construction on federal public land peaks at 3,341 miles p/yr in 1985; drops to 192 miles by 1999	
1987-1999	Timber harvest on federal forests peaks in 1987; harvest drops 62% by 1992, and 77% by 1999	
Spring 1990	Northern spotted owl listed as threatened (by USFWS)	
Winter 1991	Federal Court issues injunction prohibiting logging in spotted owl habitat across large portions of Washington, Oregon and California	
1992	Department of Energy begins cutbacks. By year 2000, over 2,000 jobs lost in eastern Idaho; 4,500 jobs lost in Hanford, WA.	
Winter 1992	Record of Decision signed for Final EIS on Management for the northern spotted owl in National Forests. Injunction prevents BLM and USFS from proceeding with new timber sales in range of Spotted Owl	
Spring 1992	Snake River Chinook Salmon listed as threatened (by NMFS)	
Summer 1992	USDA Forest Service announces ecosystem management as framework for managing National forests/grasslands	
Spring 1993	President Clinton's Forest Summit leads to creation of the Northwest Forest Plan for the Pacific Northwest and California	President pledges \$1.2 billion in assistance to west-side communities in Oregon, Washington and Northern California. States establish CERT ² programs to facilitate delivery of federal assistance
Summer 1993	President directs USDA Forest Service to develop ecosystem-based strategy for management of eastside forests. The Interior Columbia Basin Ecosystem Management Project (ICBEMP) is chartered within six months	
Winter 1994	USDAFS, BLM, USFWS, NMFS sign Interagency MOU to manage federally administered lands for the conservation of species eligible for federal listings	
Spring 1994	Record of Decision for Final Supplemental EIS – amends USDAFS and BLM planning documents within range of northern spotted owl and guidelines for managing habitat in late-successional and old-growth forests. Implemented President's Northwest Forest Plan	

¹ A comprehensive inventory of Columbia Basin endangered and threatened species listings is attached

² CERT: Community Economic Revitalization Team

Chronology of Federal Actions in the Inland Northwest 1980 – 2000 (Continued)

Date	Action / Decision
Spring 1994	Regional Forester signs Decision Notice continuing Interim Management Direction, establishing riparian, ecosystem and wildlife standards for timber sales in eastern Oregon and Washington
Fall 1994	Federal Court confirms legality of Forest Plan
Winter 1995	BLM amends regulations for of livestock grazing. Objective is to promote healthy, sustainable rangeland ecosystems and accelerated restoration of public rangelands
Winter 1995	USDAFS Chief and BLM Director sign the interim PACFISH Strategy, to protect salmon / steelhead habitat and riparian areas in Idaho, Oregon, California and Washington
Summer 1995	Regional Foresters sign the interim INFISH Strategy, to protect inland native fish habitat and riparian areas
Summer 1997	Bull trout listed under the Endangered Species Act
Winter 1998	USDAFS Chief issues moratorium on road construction in National Forests
Summer 1998	Congress eliminates “purchaser road credits” from the FY99 Interior Budget – further reduces economic feasibility of timber harvest on public lands
Fall 1999	President proposed “Roadless Rule” which would affect extensive areas of national forests
Summer 2000	Canadian lynx listed under the Endangered Species Act
Winter 2001	“Roadless Rule” adopted
Spring 2001	Department of Energy announces major employment cutbacks in the research sector

**INLAND NORTHWEST
LIST OF ENDANGERED AND THREATENED SPECIES*
(February 2001)**

Summary

- Oregon – 42 listings
- Washington – 34 listings (plus 10 proposed)
- Idaho – 23 listings
- Montana – 10 listings

U.S. Fish and Wildlife Service

Idaho

- **MAMMALS**

Gray Wolf - endangered
Selkirk Mountains Woodland Caribou - endangered
Grizzly Bear - threatened
Northern Idaho Ground Squirrel - threatened
Canada Lynx – threatened

- **BIRDS**

Bald Eagle - threatened
Peregrine Falcon - recovered
Whooping Crane - experimental nonessential population

- **FISH**

Sockeye Salmon - endangered
Spring/summer Chinook Salmon - threatened
Fall Chinook Salmon - threatened
Kootenai River White Sturgeon - endangered
Steelhead Trout - threatened
Bull Trout - threatened

- **INVERTEBRATES**

Utah Valvata Snail - endangered
Snake River Physa Snail - endangered
Bliss Rapids Snail - threatened
Idaho Springs Snail - endangered
Banbury Springs Lynx - endangered
Bruneau Hot Springs Snail – endangered

- **PLANTS**

MacFarlane's Four-o'clock - threatened
Water Howellia - threatened
Ute Ladies'- Tresses - threatened

* Note: This comprehensive inventory may include some species which are under consideration for removal from threatened / endangered designation, and/or species which are more prevalent in the western portions of Oregon and Washington.

**INLAND NORTHWEST
LIST OF ENDANGERED AND THREATENED SPECIES (Cont.)
(February 2001)**

Western Montana

- **MAMMALS**

- Gray Wolf – endangered
- Whooping Crane – endangered
- Grizzly Bear – threatened
- Bald Eagle – threatened (proposed for de-listing)
- Canada Lynx (contiguous U.S. population) – threatened

- **FISH**

- Pallid Sturgeon – endangered
- White Sturgeon (Kootenai River population) – endangered
- Bull Trout (Columbia River basin and St. Mary - Belly River populations) – threatened

- **PLANTS**

- Water Howellia – threatened
- Ute Ladies'-Tresses – threatened

Eastern Oregon

- **INVERTEBRATES**

- Fender's Blue Butterfly – endangered
- Oregon Silverspot Butterfly – threatened

- **MAMMALS**

- Canada Lynx – threatened
- Columbian White-tailed Deer – endangered

- **BIRDS**

- Bald Eagle – threatened
- Aleutian Canada Goose – threatened
- Marbled Murrelet – threatened
- Northern Spotted Owl – threatened
- Western Snowy Plover – threatened

- **FISH**

- Dace Speckled Foscett – threatened
- Fairy Shrimp – threatened
- Borax Lake Chub – endangered
- Hutton Tui Chub – threatened
- Oregon Chub – endangered
- Chinook Salmon, (upper Willamette R.) – threatened
- Chinook Salmon, (fall Snake R.) – threatened
- Chum Salmon, (Columbia R.) – threatened

**INLAND NORTHWEST
LIST OF ENDANGERED AND THREATENED SPECIES (Cont.)
(February 2001)**

Coho Salmon – threatened
Sockeye Salmon – endangered
Steelhead (Snake R. Basin) – threatened
Steelhead (lower Columbia R.) – threatened
Steelhead (middle Columbia R.) – threatened
Steelhead (upper Willamette R.) – threatened
Lost River Sucker – endangered
Shortnose Sucker – endangered
Warner Sucker – threatened
Bull Trout – threatened
Lahontan Cutthroat Trout – threatened

- **PLANTS**

Marsh Sandwort – endangered
Applegate's Milk-vetch – endangered
Golden Paintbrush – threatened
Willamette Daisy – endangered
Gentner's Fritillaria – endangered
Water Howellia – threatened
Western Lily – endangered
Bradshaw's Lomatium – endangered
Kincaid's Lupine – threatened
MacFarlane's Four-o'clock – threatened
Rough Popcornflower – endangered
Nelson's Checker-mallow – threatened
Malheur Wire-lettuce – endangered
Howell's Spectacular Thelypody – threatened

Eastern Washington

- **MAMMALS**

Grizzly Bear – threatened
Woodland Caribou – endangered
Columbian White-tailed Deer – endangered
Canada Lynx – threatened

- **INVERTEBRATES**

Oregon Silverspot Butterfly - threatened

- **BIRDS**

Short-tailed Albatross – endangered
Bald Eagle – threatened
Aleutian Canada Goose – threatened

**INLAND NORTHWEST
LIST OF ENDANGERED AND THREATENED SPECIES (Cont.)
(February 2001)**

Marbled Murrelet – threatened
Northern Spotted Owl – threatened
Brown Pelican – endangered
Western Snowy Plover – threatened

• **FISH**

Chinook Salmon, (spring/summer Snake R.) – threatened
Chinook Salmon, (lower Columbia R.) – threatened
Chinook Salmon, (upper Willamette R.) – threatened
Chinook Salmon, (fall Snake R.) – threatened
Chum Salmon, (Columbia R.) – threatened
Sockeye Salmon – threatened
Sockeye Salmon – endangered
Green Sea Turtle – threatened
Leatherback Sea Turtle – endangered
Sea-lion, Steller (eastern pop.) (*Eumetopias jubatus*)
Steelhead (Snake R. Basin) – threatened
Steelhead (lower Columbia R.) – threatened
Steelhead (middle Columbia R.) – threatened
Steelhead (upper Willamette R.) – threatened
Bull Trout – threatened

• **PLANTS**

Marsh Sandwort – endangered
Golden Paintbrush – threatened
Water Howellia – threatened
Bradshaw's Lomatium – endangered
Kincaid's Lupine – threatened
Nelson's Checker-mallow – threatened
Wenatchee Mountains Checker-mallow – endangered
Ute Ladies'-tresses – threatened

**Proposed
(September 11, 2000)**

Coastal Cutthroat Trout
Showy Stickseed
Spalding's Silene

Candidate Animals

Oregon Spotted Frog
Mardon Skipper (butterfly)
Washington Ground Squirrel

Candidate Plants

Basalt Daisy
Northern Wormwood
Umtanum Desert Buckwheat
White Bluffs Bladder-pod

**INLAND NORTHWEST
LIST OF ENDANGERED AND THREATENED SPECIES (Cont.)
(February 2001)**

Species of Concern

Animals

Black Tern
California Bighorn Sheep
California Floater (mussel)
Cascades Frog
Columbia Pebblesnail
Columbia Spotted Frog
Columbian Sharp-tailed Grouse
Ferruginous Hawk
Fringed Myotis (bat)
Harlequin duck
Interior Redband trout
Larch Mountain salamander
Little willow flycatcher
Loggerhead shrike
Long-eared Myotis (bat)
Long-legged Myotis (bat)
Lynn's Clubtail (dragonfly)
Margined Sculpin
Northern Goshawk
Northern Leopard Frog
Northern Red-legged Frog
Northern Sagebrush Lizard
Northwestern pond turtle
Olive-sided Flycatcher
Pacific Fisher
Pacific Lamprey
Pale Townsend's Big-eared Bat
Peregrine Falcon
Potholes Meadow Vole
Preble's Shrew
Pygmy Rabbit
River Lamprey
Small-footed Myotis (bat)
Tailed Frog
Wolverine
Western Gray Squirrel
Western Burrowing Owl
Western Sage Grouse
Westslope Cutthroat Trout
Yuma Myotis (bat)

Plants

Ames' Milk-vetch
Barrett's Beardtongue
Blue Mountain Onion
Broad-fruit Mariposa
Chelan Rockmat
Clustered Lady's-slipper
Columbia milk-vetch
Columbia yellow-cress
Crenulate Moonwort
Dwarf Phacelia
Gray Cryptantha
Hoover's Desert-parsley
Hoover's Tauschia
Jessica's Aster
Liverwort Monkey-flower
Long-bearded Sego Lily
Northwest Raspberry
Obscure Buttercup
Obscure Paintbrush
Pale Blue-eyed Grass
Palouse Goldenweed
Prairie Lupin
Seely's Silene
Slender Moonwort
Stalked Moonwort
Sticky Phacelia
Suksdorf's Desert-parsley
Thistle Milk-vetch
Thompson's Clover
Triangular-lobed
Two-spiked Moonwort
Wanapum Crazyweed
Washington Polemonium
Wenatchee Larkspur
White Meconella
Whited Milk-vetch

Lichen

Woven Spore Lichen

**INLAND NORTHWEST
LIST OF ENDANGERED AND THREATENED SPECIES (Cont.)
(February 2001)**

National Marine Fisheries Service List

Chinook Salmon

- Snake River Fall-run (threatened)
- Snake River Spring/Summer-run (threatened)
- Lower Columbia River (threatened)
- Upper Columbia River Spring-run (endangered)

Chum Salmon

- Columbia River (threatened)

Sockeye Salmon

- Snake River (endangered)
- Ozette Lake (threatened)

Steelhead

- Upper Columbia River (endangered)
- Snake River Basin (threatened)
- Lower Columbia River (threatened)
- Middle Columbia River (threatened)

IV. Assessment of Community Plans and Projects

Phase II of the regional assessment also conducted an extensive review of local economic development plans and projects for communities and tribes across the four states.

Community / Tribal Plans

The consultant team compiled and reviewed a total of 164 community / tribal plans: 86 plans from Idaho; 4 from Montana; 63 Oregon; and 11 Washington. Highlights of this review:

- Most of the plans are current: more than half were prepared in 1999 – 2000 (although some of these are updates).
- Nearly two-thirds of the plans focus on a single community or county. Multi-county or regional plans are more common in Oregon and Washington.
- Fewer than half of the plans identify *opportunities, issues / barriers, and strategies*.
- *Business development* strategies are the most common type.
- Few plans (only 32) identify *education / workforce* strategies.

Strategies listed in community / tribal plans are summarized below.

Strategies Listed in Community / Tribal Plans

Strategy	Idaho	Montana	Oregon	Washington	Total
Business Development	19	4	39	9	71
Education/Workforce	7	4	17	4	32
Infrastructure	19	4	33	8	64
Quality of Life/Human Resources	17	4	31	6	58
Organization and Planning	19	4	28	5	56
Plans which identified none of these	63	0	23	2	88

Specific opportunities and issues / barriers listed in community and tribal plans are shown below. The pattern of opportunities and issues across the four-state Inland Northwest is fairly uniform, with somewhat greater emphasis placed on infrastructure needs in Idaho and Montana.

Inland Northwest Community Plans

Community Plans	
<i>Opportunities</i>	<i>Issues / Barriers</i>
Abundant natural resources Available water, gas, electricity Higher education institutions Available, skilled workforce Community livability / pride Proximity to urban areas / transportation Tourism	Resource dependent economies Federal public land ownership / control Lack of industrial sites Infrastructure needs Low wages / per capita incomes Workforce readiness doesn't match growing economic sectors Small size of communities Decline in farm income Environmental issues
Tribal Plans	
<i>Opportunities</i>	<i>Issues / Barriers</i>
Tourism, recreation, travel, marketing and promotion Natural resources: timber, minerals, wind, fish Education system, local vocational training center, college partnerships Cultural / historic resources	Resource-based economy: farming, ranching, forestry, fish; lack of diversification Inadequate / failing infrastructure: transportation, solid waste Gap between workforce training and emerging economy Fierce competition for job recruitment Chronic unemployment

While some parallels exist between community and tribal plans, there are also important differences. Additional priorities described in *tribal plans* include:

- Cultural heritage
- Stronger links to / dependence upon natural resource-based economy
- More emphasis on organizational needs and opportunities
- Deeper and more wide-ranging socio-economic problems, including much higher unemployment and poverty rates
- Different tribal demographics – generally a much younger population

Community / tribal plans were also evaluated to determine their “implementation-ready” status. Few of the plans – only 23 of 164 community and tribal plans – provide enough details to guide implementation. Among the best, implementation-ready community / tribal plans are those for:

the Coeur d'Alene Tribe in Idaho; the Eastern Oregon towns of Cove, Heppner, Milton-Freewater, and Union in Oregon; and the Benton-Franklin and Tri-County Economic Development Districts in Washington.

The accompanying matrix summarizes the contents of the 164 community and tribal plans evaluated for the Inland Northwest Economic Adjustment Strategy.

Community / Tribal Projects

The 164 community / tribal plans list a total of 3,383 projects. The most prominent project categories are *infrastructure*: roads, water, sewers (36% of projects); *quality-of-life*: parks and recreation, cultural assets, public safety (28% of projects); and *business retention / expansion* (19%). Few projects are targeted to *education / workforce* or *organization and planning* (fewer than 10% of projects are in these combined categories).

There are some differences between states. For example, 70% of Montana projects are for *infrastructure* priorities. In Idaho, *organization and planning* projects represent 18% of total projects – more than twice the regional average.

Inland Northwest – Community / Tribal Projects

Project Type		
Business Development	655	19%
Education / Workforce	120	4%
Infrastructure	1,210	36%
Quality of Life	962	28%
Organization & Planning	312	9%
Other	124	4%

This review of over 3,000 projects also reveals:

- Two-thirds of the projects are multi-county – although most plans cover a single community or county.
- Most projects are short-term (1-5 years).
- Cost is identified for fewer than half of the projects.
- Many projects are not high cost: 76% cost \$1 million or less; 40% cost \$100,000 or less.
- However, a significant number of projects – more than 100 – cost \$5 million or more.
- A funding source is identified for only about one-fifth of total projects.

The accompanying matrix summarizes the status of the 3,383 projects listed in the community and tribal plans evaluated for the Inland Northwest.

Inland Northwest Economic Adjustment Strategy Review of Community / Tribal Plans

	Idaho	Montana	Oregon	Wash.	Totals
Total # of Plans:	86	4	63	11	164
Type of Plan:					
CEDS	3		4	6	13
OEDP	2	4	2	4	12
CP	15		25	1	25
RP	3		11		14
TP	3	2	3	2	10
Other	62		20		82
	88	6	65	13	156
	<i>2 TP/OEDP</i>	<i>2 TP/OEDP</i>	<i>1 TP/OEDP</i>	<i>2 TP/CEDS</i>	
Date:					
1999-2000	47		38	7	92
1997-1998	12		21	1	34
1996-Earlier	2	4	3	3	12
(No date)	25		1		26
	86	4	63	11	164
# Counties:					
< One county covered in plan	72	2	26	0	100
Single county plan	5	1	23	4	33
Multi-county plan	9	1	14	7	31
	86	4	63	11	164
Plans which identified:					
Opportunities	8	4	37	9	58
Plans which identified:					
Issues/Needs/Barriers	12	3	53	9	77
Plans which identified:					
Goals/Strategies					
1. Business Development	19	4	39	9	71
2. Education/Workforce	7	4	17	4	32
3. Infrastructure	19	4	33	8	64
4. Quality of Life/Human Resources	17	4	31	6	58
5. Organization and Planning	19	4	28	5	56
Plans which identified none of these	63	0	23	2	88
Evaluation:					
Level I	22	1	27	3	53
Level II	1	3	9	4	17
Level III	0		4	2	6
Does not fit evaluation criteria	63		23	2	88
	86	4	63	11	164

CEDS = Comprehensive Economic Development Strategy

OEDP = Overall Economic Development Plan

CP = Community Plan

RP = Regional Plan

TP = Tribal Plan

Updated 6/28/01

Inland Northwest Economic Adjustment Strategy

Review of Community / Tribal Projects

	Idaho	Montana	Oregon	Washington	Totals	%
Total # of Projects:	880	167	1,897	439	3,383	
Location:					0	
Multi-county	488	57	1,187	387	2,119	63%
County	37	110	175	52	374	11%
City/local	355		535		890	26%
	880	167	1,897	439	3,383	
Project Type:						
1. Business Development						
a. Retention/expansion	95	7	221	30	353	
b. Recruitment	75	1	88	12	176	
c. Entrepreneurial development	25		42	15	82	
d. Finance and lending	14	4	16	10	44	
	209	12	367	67	655	19%
2. Education/Workforce	2				2	
a. Workforce training	5	1	24	4	34	
b. Adult education	6		75	1	82	
	13	1	99	5	118	3%
3. Infrastructure	2		79		81	
a. Transportation	3	3	2	2	10	
1) Road improvements	76	66	143	38	323	
2) Public transportation	13		10	1	24	
3) Main Street improvements	54	4	53	9	120	
b. Water	46	21	193	69	329	
c. Sewer	46	23	140	56	265	
d. Telecommunications	9		39	10	58	
	249	117	659	185	1,210	36%
4. Quality of Life/Human Resources			21		21	
a. Cultural assets, etc.	67	4	129	31	231	
b. Health care	9		53	6	68	
c. Housing	27	1	40	7	75	
d. Safety (police, fire)	23	2	92	11	128	
e. Parks, recreation, etc.	116	6	213	44	379	
f. Beautification/clean-up	31	2	21	6	60	
	273	15	569	105	962	28%
5. Organization and Planning					0	
a. Partnerships	22	9	5	5	41	
b. Creating local organizations	16		10	1	27	
c. Capacity building	32	3	83	9	127	
d. Planning	41	2	54	20	117	
e. Leadership training			2		2	
	111	14	154	35	314	9%
6. Other	25	8	49	42	124	4%
Total All Project Types	880	167	1,897	439	3,383	
Funding Source:						
Identified Funding Source	173	13	631	95	912	27%
Timing:						
Before 2001	117	77	432	1	627	19%
2001 to 2005	63	33	139	139	374	11%
After 2005	2		5	48	55	2%
Ongoing	55		123		178	5%
Completed	5		1		6	0%
No timing identified	638	57	1,197	251	2,143	63%
	880	167	1,897	439	3,383	
Cost:						
No cost identified	720	99	729	396	1,944	57%
Less than \$100,000	59	2	517	4	582	17%
Less than \$500,000	25	16	283	8	332	10%
Less than \$1 million	30	13	123	10	176	5%
Less than \$5 million	36	17	172	17	242	7%
\$5 million +	10	20	73	4	107	3%
	880	167	1,897	439	3,383	

The pattern of projects listed in community / tribal plans – emphasizing infrastructure – suggests that many of the plans and project lists are initiated primarily to achieve funding success. As a result, plans are more likely to identify infrastructure projects, for example, because state and federal funding sources are available. Likewise, community / tribal plans are less likely to select projects for which no outside funding source is apparent.

It is also important to note that the 3,000 plus projects listed in current community / tribal plans represent a “snapshot” view of a dynamic process. Many of these projects are already underway, to be replaced within a few years by a new and different project list.

Finally, the community and tribal plans present only a portion of local projects. Many other state plans – for highway construction, workforce development, education, sewer and water system upgrades – guide important projects which are not reflected in the community / tribal plans surveyed here.

The evaluation of community / tribal plans and projects indicates there is generally a good match between the *needs* identified in local plans, and the *strategies* proposed to address these needs – as illustrated by the tables below.

Matching Needs vs. Strategies – Communities

Needs	Strategies
<i>Economic Diversification</i>	Business assistance / retention Business lending
<i>Industrial sites</i>	Business park development
<i>Tourism</i>	Tourism development, collaborations
<i>Infrastructure</i>	Infrastructure projects Funding partnerships
<i>Workforce readiness</i>	Tailored job training High quality higher ed
<i>Community livability/pride</i>	QOL amenities & facilities Managed growth Housing
<i>Local say in federal public land decisions</i>	?

Matching Needs vs. Strategies – Tribes

Needs	Strategies
<i>Diversification; transition from resource economy</i>	Tribal enterprises / profit centers Small business support Industrial development / recruitment
<i>Infrastructure</i>	Infrastructure; funding for capital projects
<i>Sustainable resource base</i>	Increase natural resource revenues
<i>Utilize cultural / heritage / history tourism resources</i>	Cultural heritage education
<i>Education / workforce to match growing sectors</i>	Partnerships with colleges
<i>Housing</i>	Diverse, affordable housing choices
<i>Tribal organization</i>	Strengthen management; streamline decisionmaking

V. Local Involvement in Developing the Strategy

A goal of the project has been to build the Inland Northwest Economic Adjustment Strategy upon a broad base of region-wide participation. The outreach included convening a 30-member Advisory Committee at key stages of the project, to discuss the results of the socio-economic assessment and outline a regional economic adjustment strategy. Additional participation was enlisted through a series of community forums.

Community Forums

The four-state partnership hosted 14 community forums across the Inland Northwest, attracting some 800 participants: community members, local leaders, elected officials, tribal councils and tribal members, association representatives, state and federal officials and staff.

Inland Northwest Community Forums	
April 6, 2001	Bend, Oregon
April 9	Boise, Idaho
April 10	Twin Falls, Idaho
April 11	Idaho Falls, Idaho
April 12	Pocatello, Idaho
April 19	Dayton, Washington
April 23	Lewiston, Idaho
April 24	Coeur d'Alene, Idaho
April 25	Moses Lake, Washington
May 1	LaGrande, Oregon
May 8	Kalispell, Montana
May 9	Missoula, Montana
May 10	Hamilton, Montana
May 10	Colville, Washington

At the forums, the results of the socio-economic assessment were presented, along with case studies illustrating steps taken earlier by communities on the west side of Oregon and Washington to diversify their natural resource-based economies. Forum participants were then asked to pinpoint economic revitalization strategies with the greatest chance for success in their communities, and to evaluate their local readiness for action. Key discussion questions:

- Are the regional socio-economic data presented complete and accurate? Do the findings “ring true” at the local level?
- What economic diversification strategies have the best potential for success in the region?
- What do communities need to enhance their readiness and capacity to address new socio-economic opportunities and challenges?
- Who (key stakeholders) need to be engaged for successful implementation?

- Are there any gaps in current federal and state funding sources and programs for communities working to diversify their economies?

Feedback from forum participants highlighted the challenges confronting towns, counties and tribes throughout the Inland Northwest. Three trends were raised at every forum:

1. *The slowed pace of natural resource production* (particularly forest products and minerals), leading to job loss and out-migration of skilled labor – and myriad socio-economic impacts for communities and tribes.
2. *Deteriorating conditions for agriculture*, where poor markets have been worsened by drought and energy shortages, leaving many family farms without the resources to continue.
3. *Growth pressure in “amenity counties”* (those attracting visitors and new residents) and counties close to urban centers, creating unmet service demands and higher prices, and greater disparity between the “haves” and “have-nots” in these communities.

A consensus of forum participants supported a proposal to develop a region-wide economic diversification strategy, enabling communities to jointly attack these challenges.

Regional Issues and Themes

Across all the forums, there emerged many common challenges, shared ideas for strategies, and a number of similar capacity constraints. These findings support the validity of approaching economic revitalization issues on a region-wide basis, to gain critical mass and assure maximum impact. Because so much of the region’s land base is owned or managed by federal agencies, more local input and involvement in its management was stressed as a critical component for success.

The Inland Northwest’s economy is more diverse than its forest products component, and forum participants emphasized the need for planning processes, intergovernmental coordination, and funding sources that would support a holistic approach to economic revitalization. Common strategies identified for rebuilding and strengthening the economy included:

- Infrastructure investments, including telecommunications infrastructure and public safety (e.g. fire protection)
- Decentralizing public agency functions back out into rural communities (e.g., reversing the trend toward consolidation of offices in distant regions)
- Value added agricultural and forest products (e.g., strawboard manufacturing)
- Alternative energy generation, especially bio-mass and wind power
- Eco-system restoration, including fire prevention, as a strategy for the future
- Technology jobs, generally expressed as need to upgrade worker skills in this area
- Entrepreneurial support
- Tourism – a key strategy component in many but not all areas
- Connecting with and building upon the strong presence of Tribes and their cultural resources to develop projects of benefit to the whole region.
- Workforce training
- Providing more and better information about promising opportunities in specific sectors and niches

While there are some community projects that are “ready to go”, and some communities with strong capacity to plan and implement new initiatives, there are also impediments to readiness and gaps in capacity throughout the region. Common issues related to readiness include inadequate physical infrastructure, lack of staff support to develop projects, and a need for decision-making mechanisms to facilitate good local communication and consensus building.

In addition to the strategies related to infrastructure and workforce development noted above, readiness issues cited throughout the four-state region include:

- In most places, a need for increased local staff to facilitate planning, develop projects, and write grants, and coordinate project implementation
- Leadership development to build skills related to economic development, to promote regional collaborations, and to create a base of active volunteers to help with the work of planning and implementing projects
- Consensus building about future direction and vision at the local level is needed in many places

Feedback on Regional Socio-Economic Data

Forum participants said socio-economic data presented to them gave an accurate picture of trends in the region. In a few instances, participants noted that very recent downturns and plant closings in the region were not always reflected. Specific counties that participants believed to be more distressed than the data indicated:

- Idaho: Valley County, Butte County, north Kootenai County, Spirit Lake area
- Montana: Mineral County, Lake County
- Oregon: Wallowa County
- Washington: Asotin County, Whitman County

In two geographic areas, forum participants suggested that local socio-economic conditions may be somewhat brighter than depicted in the regional data: Missoula, Montana and Deschutes County, Oregon. However, these communities report a widening gap between rich and poor.

While the public forum presentations and socio-economic data tended to focus on forest products impacts, the discussion that followed was much broader. Most notably, participants in all forums indicated that declining trends in agriculture have become a major regional problem. Forum participants specifically requested more data on agricultural trends for key Inland Northwest crops. Participants reported that overall market declines have been exacerbated by region specific issues – the drought, and the West Coast energy shortage that drained Pacific Northwest reserves. Thus, even if job loss related to timber is the centerpiece, a regional adjustment strategy should respond to the needs of the interests of a significant number of communities.

Finally, forum participants expressed interest in gaining access to the data produced for this project. They requested that the socio-economic data and reports be offered in accessible formats, including state agency web sites, as soon as possible.

Strategies with Potential for Success

Specific strategies to help diversify local resource-dependent economies, and boost the capacity of communities and tribes to take action are shown below.

Inland Northwest Community Forum Results Strategies with Potential for Success	
✓	Infrastructure, including telecommunications
✓	Value added agriculture, forest products and minerals
✓	Small business development and entrepreneur support
✓	Eco-system restoration; fire prevention
✓	Public agency decentralization to better serve rural areas
✓	Development of alternative energy sources
✓	“Place-based” tourism
✓	Technology

The strategies with the greatest potential for success, as well as community / tribal capacity, varied across the region. State-by-state highlights of forum participants' advice on potential success strategies are shown below.

Success Strategies for Inland Northwest Communities

Idaho	Clay mining and value-added ceramics Telecommunications infrastructure Specialized higher-education programs Cultural tourism; linkage with tribes Regional airport in Southeast Idaho
Montana	Sustainable forestry Transportation infrastructure: roads, air, transit Workforce support; regional vocational training Cultural tourism Quality of life improvements: housing, health care, social services
Oregon	Public / private partnerships Entrepreneurship support Agriculture and forest products cooperatives Eco-system restoration and management Develop alternative energy sources: sun, wind, geothermal, biomass
Washington	Transportation improvements connecting eastside to Puget Sound Workforce training Producer cooperatives Decentralize state operations

Readiness and Capacity for Action

While there are some projects that are “ready to go”, and some communities with strong capacity to plan and implement new initiatives, there are also impediments to readiness and gaps in capacity throughout the region. Forum participants identified a number of common issues related to readiness that spanned many types of capacity, including inadequate physical infrastructure, inadequate staff support to develop projects, and inadequate decision-making mechanisms to facilitate good communication and consensus. Readiness issues cited throughout the four state region include:

- Great concern about the lack of control over decisions on public lands. The regional strategy should pay attention to the working relationships that now exist and potential ways to expand local influence.
- Recognition that better support is needed for workforce skills diversification, but this isn't well integrated with other planning yet.
- Need for infrastructure projects as a pre-condition for job generating development
- In most places, a need for increased local staff to facilitate planning, develop projects, write grants, and coordinate project implementation. In some parts of the region, there is very little local capacity for action.
- Leadership development to build skills related to economic development, to build regional collaborations, and to build base of active volunteers to help with the work of planning and implementing projects.
- Consensus building about future direction and vision at the local level is needed in many places
- Lack of sufficient local matching funds for projects, or the availability of loans only when grants are really needed, is also a barrier in readiness to proceed with project.

Highlights of Inland Northwest community readiness are summarized below.

Inland Northwest Community Forum Results Readiness Issues

- Lack of control over decisions on public lands
- Workforce: need to diversify skills, and integrate workforce training with economic planning
- Infrastructure investments required as a pre-condition for job-generating projects
- Applied research needed to pinpoint promising sectors, markets and niches
- Inadequate local staffing for project planning and implementation
- Insufficient local matching funds
- Local leadership and consensus-building remain a priority

Differences in readiness from state to state appear to depend on the history of past investment in planning, the presence of stable and well staffed regional planning and economic

development organizations, and the degree to which state staff are regionalized in their responsibilities. But even where there is strong organizational capacity and updated plans, common issues of readiness were identified. State-by-state readiness issues across the Inland Northwest are highlighted below.

Readiness Issues for Inland Northwest Communities

Idaho	Community visions, strategic plans, feasibility studies, priority setting Multi-community and regional collaboration to share resources Communications with federal public land managers
Montana	Infrastructure master planning Enhanced local organizational and decision making capacity Communications between state agencies and communities
Oregon	Updated community strategic plans; more local planning support Local leadership, consensus building, teamwork, communication Affordable land for development
Washington	Regional strategies and community actions plans Site readiness / infrastructure Assistance with environmental review

Activities of Region-Wide Interest

Participants in the 14 community forums also identified a number of activities which are most appropriate to be conducted regionally. The following gives an overview of these potential activities of region-wide interest.

Applied research

- Support investigation of sectoral opportunities both natural resource based and in promising other areas: energy; value added agriculture; clay (ceramics); forest resources; telecom applications appropriate to these locations
- Look for linkages for urban growth to be channeled into quality rural development opportunities
- Work on reducing regional transportation costs

Fund pilot projects and other projects that are ready to go

- Prioritize and expand investment in infrastructure
- Maximize local economic development impact of hazardous fuel reduction (fire prevention)
- Intensify investment in eco-system restoration, with particular attention to making state / federal contracts accessible to small local providers
- Expand support of regional tourism development: adventure travel, driving loops, historic / cultural tourism (e.g. Lewis and Clark)

- Expand entrepreneurial support, perhaps targeted to promising sectors
- Assess and expand business capital where needed
- Support a pilot to decentralize state / federal office staff into rural areas, reversing the trend toward centralization of federal services in particular (often out of state)

Provide funding to build capacity for action

- Circuit riding economic development staff
- Regional planning and local plan updates where needed, building leadership capacity to jointly plan and collaborate in implementation
- Invest in leadership development to support local economic development

Build regional communication channels

- Link workforce development to other planning and development efforts
- Facilitate increased collaboration between tribes and other governments in the region
- Share “best practices” strategies regionally
- Develop pilot to phase implementation of new rules and policies based on capacity, distress level or isolation (not treating all areas exactly the same)
- Improve communication and local input into management of public lands

VI. Case Studies of Inland Northwest Communities and Tribes

To better understand the socio-economic conditions facing communities and tribes across the Inland Northwest, case studies were prepared for eleven communities and tribes. The case studies – or “*Inland Northwest Stories*” – are intended to provide a more in-depth picture of the conditions experienced in rural communities and tribes in all parts of the four-state region.

Inland Northwest Case Studies

Idaho	Coeur d’Alene Tribe Grangeville Salmon
Montana	Darby Confederated Salish & Kootenai Tribes
Oregon	Wallowa County Warm Springs Tribe
Washington	Colville Confederated Tribes Curlew / Ferry County Kittitas County Stevenson / Skamania County

The seven communities and four tribes (and tribal confederations) were selected by the Advisory Committee to cover the entire Inland Northwest region, representing a diversity of size, socio-economic conditions, and local strategies. Each case study includes a capsule summary of community / tribal demographics, a description of socio-economic challenges, highlights of diversification strategies underway, along with community members’ personal stories – their struggles and successes.

Highlights of the eleven Inland Northwest community / tribal case studies are provided below. The full case studies are available as a separate appendix to this report.

Idaho

Case studies were prepared for three Idaho communities and tribes:

Coeur d’Alene Tribe – located in Northwest Idaho

Grangeville – a community located in North Central Idaho

Salmon – located near Central Idaho’s border with Montana

The following gives an overview of the three Idaho case studies.

Coeur d’Alene Tribe – With a reservation that includes Lake Coeur d’Alene, the Tribe’s locale is well known to Pacific Northwest vacationers. Some 1,650 tribal members live on the 350,000-acre reservation straddling Benewah and Kootenai Counties, with a total population of

9,200. Due to its recreation amenities and close proximity to urban centers, the reservation is expected to experience significant population growth.

The Coeur d'Alene reservation's economy is based mostly on agriculture. The Tribe's 6,000-acre farm produces wheat, barley, peas, lentils, canola and grass seed. Logging is another important sector of the economy. In 1989, the tribal unemployment rate was 66%. Tribal family incomes have risen gradually, though, and are now commensurate with the incomes of non-tribal families living on the reservation. This income parity still leaves 80% of tribal households below median income levels for adjacent counties.

The Coeur d'Alene Tribe has in place a comprehensive plan to diversify its economic base. The Tribe's farm, Benewah Auto Center and shopping center near Plummer are all profitable and create jobs. The gaming facility in Worley, opened in 1993, now employs over 500 full- and part-time workers. The Tribe also partnered with the City of Plummer to open the Benewah Medical Center which now serves 10,000 patients annually, and provides over 50 jobs. Another tribal company employs 15 people in the manufacture of gun safes.

In 1999, a new fiberboard plant opened on a sawmill site which had been closed earlier due to fire, leaving 125 workers without jobs. The Tribe's future economic diversification plans include expansion of the gaming facility and adjacent visitor recreation amenities. Further tourism development may be hampered, however, by the pollution threat to the Coeur d'Alene River and Lake. Millions of tons of mining waste were dumped into the upper river and its tributaries for more than 100 years, making the Silver Valley the nation's second largest Superfund site. Cleanup is estimated to cost at least \$200 million, and will take years to complete. The Tribe, working with federal agencies, is taking the leading role in cleanup efforts and toward responsible stewardship of the basin's natural resources.

Grangeville's population of 3,228 has traditionally benefited from productive farmlands with rich soils, as well as four national forests totaling 5.5 million acres. Federally managed timber harvest cutbacks led to the 1994 closure of the Idapine mill, and 150 lost jobs. The mill closure contributed to Grangeville's unemployment of 10.1% – twice the Idaho state average. Farm employment in the area has declined, too, by over 40%.

The case study describes the plight of two dislocated workers who have had difficulty finding employment at living wages. "Mark" was ultimately forced to relocate to Spokane, while "Don" remains unemployed.

Grangeville's 1999 strategic economic development plan targets downtown revitalization to reduce retail "leakage", and installation of modern telecommunications lines to serve the community. Funding has been obtained for a marketing strategy and for workforce training. A tourism development program is also underway, hoping to capitalize on Grangeville's proximity to wilderness areas.

Salmon (population 3,122) has also experienced the effects of a declining natural resources sector. Restrictions on timber harvest in the Salmon and Challis National Forests, closures of rivers due to endangered species listings, and restrictions on mining and grazing have all hurt the local economy. Every one of the area's five timber mills has closed, with over 250 jobs lost. The Beartrack Mine – which once contributed 30% of local tax revenues – has laid off 120 of its 155 employees. Unemployment in the area has risen to 8.3% – well above the 4.8% national average.

Infrastructure projects and diversification are key strategies in Salmon's economic plan. Funding was obtained for downtown beautification, along with a youth park and skating rink. The next targets are airport improvements, and funding for two new initiatives: Salmon Valley Innovation and Business Center, and Sacagawea Education and Interpretive Center.

The case study recounts the personal story of one dislocated worker. Through retraining, Mike England has made the transition from logger and wilderness guide to become a general contractor with three employees. He now competes successfully for government contracts for firefighting.

Montana

The two case studies that highlight Montana communities / tribes are:

Darby – in Southwest Montana

Confederated Salish & Kootenai Tribes – in Northwest Montana

Montana case studies are highlighted below.

Darby has collapsing log buildings which still stand as a reminder of its gold dust history. Many years ago, the glory days of mining were replaced by a thriving forest products industry. As the site of the oldest remaining U.S. Forest Service ranger station, Darby has long been a center for lumber production.

That changed in the 1990s. Darby Lumber announced its first layoffs in 1998, and is now permanently closed – a victim of scarce federal timber supply and low lumber prices. As a result, almost 100 area residents ended up out of work. The company's employee stock ownership plan was also impacted – longtime employees lost more than \$30,000 each. And with a town population of only 900, the mill closure has reached beyond Darby Lumber's employees. Local grocery stores, retail shops, hardware dealers and tradesmen all feel the pinch.

For mill workers who have been able to find work, their personal survival strategies include commuting over 100 miles to forest products jobs in other towns, or working at jobs that pay only a fraction of their former wages. Six employees took advantage of a federal re-training program for displaced workers, enrolling in studies at the University of Montana. However, with a round trip commute of 170 miles, and no new job prospects in Darby, some students are skeptical they'll be able to remain in the community when they complete their educations. "You can't support a family on \$6 per hour," concludes university student and former mill worker Sharon Childress.

Confederated Salish and Kootenai Tribes – The Flathead Indian Reservation is home to the Confederated Salish and Kootenai Tribes. Of approximately 6,900 enrolled tribal members, some 3,700 live on or near the reservation. Of the Tribe's total workforce, almost 41% are unemployed. And nearly 40% of those who are employed fall below poverty guidelines.

Timber and wood products, agriculture and tourism are important industries. The tribal government is the largest employer. In early June 2000, Indian and non-Indian business and government leaders met at the Montana-Wyoming Tribal Economic Development Summit to discuss joint ventures and business partnerships. Officials noted that collaboration with outside

companies is often the most successful way to create new jobs and business opportunities on the reservation. Tribal leaders were encouraged to take advantage of tribal sovereignty to promote and capitalize on opportunities available within the reservation.

Tribal officials are also looking abroad for economic development models, with Alberta providing an example centered on industrial diversification, improving Internet and telecommunications access and improving transportation infrastructure.

The Salish and Kootenai Tribes have initiated a number of promising ventures:

- An information technology firm founded by the Tribes recently landed a \$325 million federal contract. This will provide jobs for 100 employees at five U.S. locations. The tribal community college will provide the basic computer skills training needed for entry level employment.
- Salish-Kootenai College is one of the first tribal colleges to start a four-year degree program.
- The Kicking Horse Job Corps Center is the nation's first – and only – all Native American Job Corps vocational / technical school.

Oregon

The case studies for eastern Oregon communities / tribes include:

Wallowa County – in Northeast Oregon

Warm Springs Confederated Tribes – in Central Oregon

Highlights of these Oregon case studies:

Wallowa County is one of Oregon's most beautiful and undeveloped areas – with only 7,250 residents spread across 3,200 square miles, and no town larger than 1,900 population. But the county is isolated, 75 miles from the Interstate over a winding two-lane road, and several hours away from the closest urban centers. Experiencing a steep decline in its key natural resource sectors, the local economy has few options. Wallowa County lost more than 270 timber industry jobs over the past decade – 12% of county-wide employment. As a result, unemployment has been running over 10%, nearly twice the state average.

Local efforts toward economic diversification include creative new projects that may contribute to moving the county away from natural resource dependence:

- An Enterprise Facilitation Program assisting small businesses and entrepreneurs
- Rebuilding of the Wallowa Lake Dam, to store more water, enhance fish habitat, and add hydroelectric power.
- Local watershed enhancement plans, developed in partnership with the Nez Perce Tribe.
- Downtown beautification and streetscape improvements.

Local leaders also want to retain some element of the traditional forest products sector. Last year, the Joseph Timber Company invested \$500,000 in a small log processing facility.

Nevertheless, the mill was forced to close in October due to lack of timber supply. After re-opening in April 2001, owner Steve Krieger remains hopeful he can remain in business: "I don't think the timber supply is going to completely dry up."

Warm Springs Confederated Tribes – the Warm Springs reservation is home to about 4,000 tribal members. The Tribes' economy has been heavily resource-dependent. As a result, the Warm Springs Tribes face many of the same difficulties experienced by other Inland Northwest communities – including seasonal and high unemployment (17% in summer and 35% in winter). Because the Tribes are both the chief landowner and major employer, reduced income from natural resources affects both tribal government and Tribe-owned businesses. With timber receipts down 26%, tribal revenue dropped from \$10,850 per capita to \$7,500 by 1998, and some 60 jobs were lost.

The Warm Springs Tribes' economic development plan focuses on four areas: tourism and travel, industrial recruitment / expansion, commercial and retail development, and tribal business investment. Specific strategies include:

- Continued operation of the Pelton-Round Butte dam and hydroelectric system.
- Establishment of a second gaming facility, in the Columbia Gorge.
- Development and exploration of new business opportunities.
- Continuing and expanding partnerships which currently produce \$15 to \$20 million annually in federal and state grants.

Despite her family history including crime and alcoholism, Susan Guerin sees education as the answer. Active in tribal politics, she is working on a BA and intends to go on to graduate school. As a gymnastics coach, Susan is committed to raising and supporting the self-esteem of young people.

Washington

Case studies were completed for four communities / tribes in eastern Washington:

Colville Confederated Tribes – in northeast Washington

Curlew / Ferry County – in northeast Washington

Kittitas County – in central Washington

Stevenson / Skamania County – in southern Washington's Columbia Gorge

Highlights of the four case studies follow.

Colville Confederated Tribes formed in 1872, as an alliance of 12 different bands and tribes. Located on 1.4 million acres in Eastern Washington's Okanogan highlands, in Ferry and Okanogan Counties, the Colville reservation is home to about 8,700 persons.

The Colville Tribes' economy has traditionally relied on forest products. The tribal timber operation takes wood all the way from forest to finished lumber. The tribe also operates a wood treatment plant that manufactures posts and poles. The reservation's natural resources also provide the basis for tourism: at Roosevelt Lake on the Columbia River; at Keller Ferry and

Seven Bays Marinas, where visitors can rent houseboats and cruise 630 miles of river shoreline; and Rainbow Beach Resort. Three gaming facilities also attract visitors.

The Colville Tribes operate a wide variety of tribal enterprises. Colville Tribal Credit provides financial services to residents, small businesses and housing. The tribe runs walk-in health clinics in three tribal districts, as well as a senior center and convalescent home. There is also a tribally sponsored and union-sanctioned training program for tribal members interested in becoming journeymen electricians. As a general contractor, Confederated Tribal Services Corp. constructs buildings and roads as far away as Bremerton on Washington's Puget Sound. Last year, the corporation received the Corps of Engineers "Contractor of the Year" award for work on Columbia River fish enhancement projects.

Despite this diversification, the Colville Tribes' unemployment is still more than twice the state average. The number of families in poverty is about double the national rate. Fully 50% of the reservation's service population is under 16 years – so education is an important priority.

Curlew and Ferry County – Curlew is located in Ferry County, just 10 miles from the Canadian border. Approximately 85% of the county is forested, and half of the county's forest land is on the Colville Confederated Tribes reservation. Ferry County started as a gold mining center, but by 1900 there were sawmills in many parts of the county. Mining and forest products have continued to be the main industries, until recently generating 506 jobs, representing 27% of total employment and 44% of all wages. Today, fewer than half of these jobs still exist. The remaining active mining company is closing one of its two mines. Only two lumber mills remain. One of these mills, which provided employment for three generations, has cut its number of workers in half. Policy changes have drastically reduced the annual harvest in the area's National Forests.

Curlew is an unincorporated community of only 140 people. The Curlew Water District, the entity responsible for the community's drinking water, recently faced a pressing need to upgrade its aging supply system. Through the WA-CERT (Washington Community Economic Revitalization Team) program, Curlew was able to obtain \$350,000 in grants to help fund the \$850,000 water system improvements. The next community priority is building an amphitheater which will host an annual bluegrass festival starting in 2001. This and other events are anticipated to attract visitors and help stimulate the local economy.

Kittitas County – Located at the crossroads of two major interstate highways – I-90 and I-82, Kittitas County is one of the most accessible counties in the Inland Northwest region. The County has a population of 33,000 – nearly half (14,350) are in Ellensburg, the county seat.

Kittitas County's economy has relied primarily on natural resource sectors, with agriculture (since 1860), logging and lumber (since the 1870s), coal and minerals (from the 1880s through the 1930s). For 100 years, Ellensburg has also been the home to one of the state's three regional universities, Central Washington University (current enrollment 8,500). The University's conference center attracts 20,000 visitors annually to the county.

In recent years, Kittitas County's key resource sectors have faced mounting pressure. Agriculture has been hurt by poor market prices, drought, and rapid escalation in the price of farmlands. The forest products industry has been affected by supply restrictions. However, the community is moving ahead on many fronts to diversify its economic base:

- Value-added agriculture includes new hay baling and wrapping methods that reduce waste and potential for contamination.
- A local business development group is working to attract light industry to the Kittitas County airport industrial park. This could produce up to 900 jobs by 2015.
- The City of Ellensburg recently purchased 700 acres of land, with a portion of the site to be rezoned to accommodate industrial and business expansion, flood control, and community sports fields. Partnerships with state and federal agencies are being pursued to finance infrastructure and streamline permitting processes.

Stevenson – the county seat of **Skamania County** – is located in the scenic Columbia Gorge, a few miles east of the Vancouver / Portland metropolitan area. Nearly 80% of the county's 1,700 square mile land base lies within the Gifford Pinchot National Forest, and 97% of the county's natural resource base is in public ownership / control.

Historically, Skamania County's economy has been dependent on its abundant natural resources. The local economy has fluctuated widely to adapt to market conditions, with local businesses forced to develop resilience to deal with these ups and downs. All of this changed in the late 1980s. Major changes in federal and state natural resource management policies radically altered access to these resources. In 1986 the Columbia River National Scenic Act placed large portions of the remaining private ownership under strict federally-mandated land use regulations. Economic development was confined to Skamania County's one city (Stevenson) and a handful of urban areas. Meanwhile, harvest restrictions on federally owned timber land crippled the area's once booming forest products economy, resulting in mill closures, business failures and a shrinkage in employment opportunities. The Endangered Species Act further hampered logging activities on State and private forestlands and challenged other economic uses of lands along rich fish-bearing streams and rivers. The economic impact of these natural resource policy decisions was immediate.

Lumber / wood products fell from over 25% of total employment in 1990 to only 13% by 2000. Many Skamania County residents responded by commuting to jobs outside the county – with commuters rising from 9% to 54% of all residents over just 10 years.

Further pressure on the community has resulted from growth. While its economy was declining in the 1990s – Skamania County has often had the state's highest unemployment rate – the county's population grew by over 19%. And thanks to Skamania County's proximity to the thriving urban center, housing prices more than doubled.

Fortunately, the community was able to draw upon a strong leadership team to face these challenges. Local leaders – many of them professional resource managers – foresaw the stream of policy changes, and spearheaded planning to diversify the economic base. An early priority was to exploit the tourism potential. A business / government partnership built Skamania Lodge and Conference Center, which opened in 1993 and now employs more than 320 – the county's largest private employer. Additional diversification strategies include:

- Attracting young entrepreneurs interested in Skamania County's recreational amenities.
- Adding to the County's inadequate inventory of industrial lands.
- Forming a public / private partnership to upgrade fiber optic telecommunications.
- Developing a plan for redevelopment of the U.S. Forest Services' closed Wind River Nursery.

VII. Roadmap for Socio-Economic Vitality

The region-wide scope and nature of the challenges confronting the Inland Northwest economy suggest that only a region-wide approach can be effective. Community and tribal leaders in four states agree, and are seeking help from state and federal governments to join them in a well-coordinated assault on the region's widespread socio-economic distress.

Current federal and state programs are not adequate to address the special needs of the Inland Northwest. Economic diversification of the region will require more resources, delivered in a more effective way.

This section outlines an Adjustment Strategy for the Inland Northwest. The possible application of the CERT process, used earlier in west-side communities, as a model for the Inland Northwest is also reviewed.

The Community Economic Revitalization Team (CERT) Model

The Community Economic Revitalization Team (CERT) process, which was introduced to address similar problems in westside communities in Oregon, Washington and Northern California, presents a model which could be adapted to address circumstances of eastside communities. An Inland Northwest Economic Adjustment Strategy can draw upon the lessons learned from CERT to fashion a strategy that is tailor-made for the communities and tribes of the Upper Columbia Basin (Inland Northwest).

Background

CERT was introduced as a component of the 1993 Northwest Economic Adjustment Initiative (EAI) to assist workers, businesses, tribes and communities affected by reduced federally managed timber harvests in the range of the Northern Spotted Owl. As part of the EAI, the federal government pledged more than \$1 billion in funding assistance to help impacted areas within Washington, Oregon and Northern California move toward a sustainable and prosperous future. CERT emerged as the vehicle for coordinating these efforts.

As a federal-state-tribal-local partnership, CERT provided a process for ensuring federal resources reached and supported local initiatives and priority projects, even if communities' planning and implementation capacity were limited. A regional team was established to determine allocation of resources between states, reduce implementation barriers, resolve important region-specific issues and further build the sense of trust among state and federal agencies, local government and community organizations.

A recent self-evaluation of the program and process¹ recommended a number of areas for future focus, including:

- Making interagency and intergovernmental cooperation an established way of doing business, with federal, state and local agencies working together after the Initiative expires.

¹ The Northwest Economic Adjustment Initiative, 1993-1997: Observations & Opinions from the Regional Community Economic Revitalization Team.

- Increasing efforts by federal officials to overcome the adverse consequences of centralized decision authorities, redundant application and environmental review requirements and funding and staffing restrictions.
- Creating a process for adding programs when needed, such as food stamps, housing, health and social services.
- Increasing the amount of federal grant money available for community projects.
- Creating staff at the regional level to ensure project follow-up, tracking of progress, and program promotion within and across states.

An overview of the Washington and Oregon CERT models is provided below.

Washington

In 1989, then-Governor Booth Gardner convened the state Timber Team. The Team administered a comprehensive set of programs to assist dislocated timber workers, communities, businesses and promote ecosystem restoration. The state developed a methodology that identified the degrees of distress in timber impacted counties. Assistance was directed according to level of need. The Timber Team administered the Washington Community Economic Revitalization Team (WA-CERT) that was created in 1993 with three main purposes:

The Washington Community Economic Revitalization Team (WA-CERT) was created in 1993 with three main purposes:

- Coordinate state and federal programs for impacted communities, businesses and workers
- Identify programmatic or administrative barriers that impede efficient delivery of resources
- Develop and utilize a “bottom up” approach to service delivery

WA-CERT membership includes representatives of local government, county government, economic development councils, public ports, private lenders, not-for-profit organizations, state agencies, federal agencies, and tribal governments. Members are appointed by the Governor. WA-CERT is staffed by a full time coordinator and a full-time assistant, and is housed in the Washington Office of Trade and Economic Development (OTED).

WA-CERT responds to local priorities and needs through a project prioritization process and by conducting monthly meetings in rural communities around the state. WA-CERT uses these meetings to refine and improve its policies and processes, and to foster partnerships with rural counties and tribes.

Eligible jurisdictions must complete a two-page pre-application to qualify for funding. It is used to:

- Learn about local area project
- Determine potential funding sources for the project

- Assign a “scoping agent” who will guide a project through appropriate application processes

Project proposals are evaluated for funding and assistance eligibility under four broad categories:

- Communities and Infrastructure
- Business and Industry
- Workers and Families
- Ecosystem Investment

Scoping agents determine whether or not a given jurisdiction’s priority projects qualify for state and/or funding/assistance, and if so, which agency is the most appropriate resource. Individual agencies then invite jurisdictions to submit applications for funding. The majority of financial support is provided through loans, with grant monies reserved for top ranking projects in individual communities. In some cases, projects are supported by multiple agencies. WA-CERT helps secure funding for approximately 70-75 projects annually. Its service area includes 31 rural counties, 4 tribes and all incorporated and unincorporated communities therein.

Several factors distinguish WA-CERT from other CERT programs:

1. When the Pacific Northwest EAI was issued, the Washington Legislature had already enacted a comprehensive set of programs and established a coordinating body to assist rural, resource-dependent communities, tribes, businesses and individuals. Principles of the Governor’s Rural Community Assistance Team included:
 - Targeting activities and dollars to those communities and individuals in need
 - Using a participatory process to ensure resources match locally determined priorities
 - Maximizing impact of the state presence, and leveraging other state, federal and private resources through collaboration and coordination
 - Utilizing strategic problem-solving approaches to find the best solutions to problems
2. Service area includes jurisdictions not included in President’s Forest Plan.
3. WA-CERT issues annual recognition awards for special projects.
4. Special Emphasis Areas receive extra consideration and technical assistance to ensure success.
5. Scoping agents (key contact people from participating agencies) and technical teams work with eligible jurisdictions to help them qualify for and obtain funding/assistance.
6. WA-CERT has a web-enabled database of community and tribal projects. This system (www.wacert.wa.gov) provides continuous access to project information, technical resources providers, and funding sources. The system is dynamic; projects can be accessed and updated through the Internet.

WA-CERT’s accomplishments since 1993 include:

- Developing a single point of entry for federal and state programs serving designated rural, natural resource impacted areas.

- Creating an approach for seamless service delivery that maximizes partnerships, reduces or eliminates barriers and ensures priority projects receive needed support.
- Providing training to rural communities through the WA-CERT rural communities symposium, workshops, videoconferences and one-on-one consultations.
- Facilitating over \$300 million in state and federal investment in impacted communities.
- Earning the Reinventing Government Hammer Award in 1994, and Blue Ribbon Practices John J. Gunther Award in 1998.
- Being institutionalized in the state budget. The WA-CERT is the only remaining CERT in the three states.

The following issues are being advanced by WA-CERT for coming years:

- The long-term viability of WA-CERT is contingent on a renewed federal, state and local partner commitment to continue using the program. Such a commitment is needed to ensure technical and financial resources are not only available, but effectively channeled to priority projects. (The signatures for a Rural Economic Vitality Memorandum of Understanding among federal and state agencies, and key associations are being gathered at this time.)
- As an important reminder to the Inland Northwest Economic Adjustment Strategy, communications is a continuing task and priority. Getting information to and from local, state and federal participants in the WA-CERT system is an evolutionary process. New technologies, such as videoconferencing and e-government electronic will be expanded and embraced as feasible.
- New and expanded partnerships, particularly with the private sector, will enable the program to be even more effective.

Oregon

The Oregon State Community Economic Revitalization Team (SCERT) was initiated in 1993 to assist spotted owl-impacted cities, counties and tribes in western and central Oregon. The SCERT originally consisted of 27 members appointed by the Governor, including representatives from state and federal agencies, cities, counties, tribes, organized labor, environmental organizations, forest products industry, and financial community.

Initially, the Oregon SCERT operated under five sub-committees:

- Workers and Families
- Business and Industry
- Ecosystem Investment
- Community Infrastructure
- Community Impact and Outcomes

Each fall from 1993 to 1997, the Oregon Economic Development Department (OEDD), now Oregon Economic and Community Development Department (OECDD) issued a "call for projects." Local jurisdictions would respond by organizing "priority lists" which were then submitted to SCERT sub-committees for review. SCERT sub-committees were responsible for

reviewing local project lists and identifying an appropriate lead agency to shepherd community priorities through the project assessment and assistance process. Emphasis was placed on identifying and respecting local priorities.

The Oregon SCERT and its sub-committees have been coordinated by OECDD since its inception. OECDD personnel have been responsible for coordinating external communications with agency and community partners and establishing a database to track SCERT projects.

Over time, the SCERT process has become integrated into other state-based programs. In 1996, SCERT began holding its monthly meetings in conjunction with the Oregon Rural Development Council (ORDC). Since that time, the ORDC has emerged as the primary networking and outreach arm, meeting regularly in rural communities throughout the state to discuss key issues and strengthen partnerships and cooperation with participating jurisdictions. OECDD, on the other hand, administers the project identification and tracking side of community projects and priorities through the Oregon Needs and Issues Inventory.

The Oregon Needs and Issues Inventory was developed in 1998 to identify comprehensive community needs for the Oregon State Legislature. In 1999, the inventory was expanded to include projects from the SCERT list. Today, the Needs and Issues Inventory database provides a coordinated, statewide project clearinghouse for state, federal, tribal and local governments, as well as several private foundations.

SCERT program elements which distinguish Oregon's approach from the other states:

1. The concept of using an index to assess distress or community resource dependence was pioneered in Oregon. Indexing has helped direct resources to the most distressed communities.
2. The State of Oregon has effectively integrated the SCERT process with other state programs. Today, the Oregon Rural Development Council and Economic and Oregon Community Development Department share the outreach and project database operations that characterize other CERT programs.
3. The Oregon Needs and Issues Inventory database provides a coordinated clearinghouse for a wide diversity of community projects, and enables OECDD to provide the legislature with a comprehensive picture of community needs statewide.
4. OECDD contracts with local service providers (Economic Development Districts, Councils of Government, and county economic development departments) to collect project information on standardized forms from local proponents on an on-going basis. Contractors may enter and update information for projects in their respective regions using a password-protected internet interface. Prioritization of projects occurs yearly.

The Oregon SCERT's accomplishments include the following:

- Initiated a "one-stop shop" whereby communities could present their project priorities to all participating state and federal agencies at once.
- Created a number of demonstration projects with USFS and BLM "Jobs in the Woods" funds. These projects proved good ecosystem restoration could provide full-time, year-round work for dislocated timber workers.

- Established a first-stop service through Small Business Development Centers that enabled local businesses to formulate business plans and qualify for federal and state financial assistance.
- Helped to retain thousands of dislocated timber workers through effective use of Job Training Partnership Act funds.
- Developed innovative Community Distress Index to better categorize natural resource dependence among various communities, and to effectively issue available assistance.
- Facilitated funding of some 832 projects worth more than \$490 million.

Looking to the future in Oregon:

- The ORDC will continue to focus on outreach to rural communities, operating as an amplifier for local issues and as a catalyst to focus attention on the most pressing and timely issues facing rural Oregon communities. The ORDC will also continue to help rural communities build upon existing and develop new pathways to state and federal assistance.
- By mandate of the Oregon State Legislature, OECDD will continue to place its greatest focus on rural and distressed communities.
- The OECDD is committed to conducting the Needs and Issues Inventory on an on-going basis with prioritization at the local and regional sponsor level (city, county, tribe, port, special district, non-profit) in the fall of each year.
- The Oregon Economic and Community Development Department will continue to encourage its partners to utilize the Needs and Issues Inventory as a single, coordinated list of community development projects.
- OECDD will maintain a decentralized, bottom-up structure to collecting project needs and priorities as defined at the local-most level. The Department will manage input structure and accessibility to information, while responsibility and accountability for data remain with the local proponents and contracted organizations. The Department will also maintain and expand data system flexibility to allow meaningful use of the information by a wide array of partner agencies and organizations.
- OECDD will continue to improve its Needs and Issues Inventory database and expand access to reports through its web site to improve cooperation, coordination and communication between collaborating partners.
- Currently, the Needs and Issues Inventory database is primarily focused on infrastructure and community facilities projects. The Department would like to expand the database to include a more holistic cross-section of community development projects (i.e. business and industry, natural resource-related projects).
- Within the next year, the Needs and Issues Inventory database and the processes that support it will be fully integrated into a new Department-wide information system based on a project management continuum model—project notification, development, assistance and evaluation. OECDD is working with other state agencies (Transportation, Environmental Quality, Housing and Community Services and Land Conservation and Development) to integrate shared information into a single, coordinated project management database system.

- Project identification is only the first step in a project development continuum. Local capacity for developing projects and completing applications is a limiting factor in rural Oregon. As a result, OECDD is pursuing contracts with local service providers to build capacity assistance in each region to help move projects from application to development.

An Adjustment Strategy for the Inland Northwest

The ultimate goal of the two-year, comprehensive assessment has been to develop an effective *economic adjustment strategy* which responds to the unique needs and opportunities of this four-state, 97-county region. At the conclusion of Phase II, the consultant team and four-state Advisory Committee collaborated on development of this strategy, looking ahead to discussions with federal and state partners to explore funding opportunities.

Key elements recommended for an effective Inland Northwest Economic Adjustment Strategy include:

1. *Federal / state / local / tribal agency teamwork:* A team approach offers the best chance for success. Requirements include significant federal support – both funding and staff. The four states must also be key participants, dedicating funding and staff to the regional initiative. This partnership can be managed through a regional coordinating entity formed by the participants, with earmarked funding and full-time staff.
2. *Project development:* Communities and tribes will be assisted to identify needs and issues, then asked to prioritize projects at the local level. The regional coordinating body will work to ensure that federal / state programs and resources address local needs and priorities. This group will also conduct applied research to help guide region-wide initiatives: for workforce development, value-added agriculture, etc.
3. *Tribal strategy:* A distinct approach will be needed to gain full participation of all 14 tribes in the economic adjustment. While tribal needs and opportunities are similar to those of rural communities, there are enough differences to warrant an independent strategy. It is recommended this tribal strategy be developed and coordinated in collaboration with Affiliated Tribes of Northwest Indians (ATNI), Bureau of Indian Affairs – Region 10 (BIA), and the individual tribes. Maintaining government-to-government relations with the participating tribes is also crucial.
4. *“Barrier-busting”:* Another objective will be to remove impediments which may impair the capacity of communities / tribes to diversify their economies. Such barriers may include laws, agency regulations, policies, procedures, priorities and permitting.
5. *Evaluation and feedback:* Monitoring the ongoing effectiveness of the regional strategy, and making adjustments along the way, is vital to the program’s success. Benchmarks must be set and resources committed up front to enable this systematic evaluation process to work. The results of monitoring will be shared with communities, tribes and program funders, to facilitate an ongoing update and reinvigoration of the strategy.
6. *Funding:* The adjustment strategy will also identify funding needs and sources; including federal and state funds, local match, and private partnership opportunities.

7. *Communication:* The regional coordinating entity will play a role in enhancing region-wide communication, maintaining contact with jurisdictions and tribes, increasing their awareness of funding opportunities, and publicizing their successes.

The four-state strategy is built upon local community plans and priorities. Adequate professional planning assistance will be needed at the local level to ensure the strategy can succeed. Weak or incomplete community / tribal plans can be aided by:

- An increase in EDA funding that provides more staff to Economic Development Districts (EDDs) and tribal planning grantees.
- Additional feedback and assistance to local planning efforts from EDA and state regional development officers.
- Easy access for planning grantees to first class technical assistance as they improve their plans.

Key Elements of Inland Northwest Economic Adjustment Strategy

1. *Federal / State / Local / Tribal Agency Teamwork*
 - Federal agency support, with staff assigned
 - Staff assigned to Inland Northwest coordinating entity
 - States contribute staffing
 - Four-state MOU (memorandum of understanding) outlines state commitments / policy coordination
 - Organization/ principles similar to Westside adjustment
 - Provide support for local planning efforts: funds for staff, planning and implementation
 - Maintain consistent approach / discipline despite shifting agency priorities
2. *Project Development*
 - Needs / issues
 - Prioritize projects at community and tribal level
 - Design process that all communities can access
 - Ensure federal / state programs and resources match local priorities / needs
 - Tackle region-wide initiatives: e.g., workforce development, value-added wood products and agriculture, ecosystem restoration, and tourism
 - Address social service needs
 - Coordinate with workforce programs
3. *Tribal Strategy*
 - Government-to-government relations
 - Coordinate with ATNI, Bureau of Indian Affairs (Region 10), and tribes
4. *Barrier Busting*
 - Streamline process and identify / remove impediments: federal and state laws, regulations, agency priorities / protocols, contract requirements, permitting
 - Nurture cooperative climate
5. *Evaluation and Feedback*
 - Establish key indicators / benchmarks / monitoring procedures
 - Commit resources (funding and personnel) needed to monitor progress
 - Share results
 - Facilitate ongoing update of strategy
6. *Funding*
 - Federal and state contributions
 - Local match
 - Private partnership investments
7. *Communication*
 - Maintain contact with communities across the region
 - Boost community / tribal awareness of funding opportunities
 - Publicize early victories

Potentially effective diversification strategies have been identified for Inland Northwest communities and tribes, through the evaluation of community and tribal plans / projects, and the region-wide outreach at 14 state forums. Recommended strategies include:

Build community capacity for action: Effective community strategies must also include programs to enhance local capacity, putting a team in place to “make things happen.” More resources are needed. One key is making available adequate paid staff to support economic development programs for every tribe and community. A second local need identified by communities and tribes is for leadership development and assistance with community consensus-building. A third opportunity is expansion of volunteer organizations and grant-eligible non-profits to implement local projects.

Expand business development efforts: As a cornerstone strategy for economic development in most communities, business development starts with programs to retain and expand existing local businesses. Many communities also want to diversify their economic bases, through targeted recruitment and other diversification efforts. They are seeking research on what economic sectors / niches offer the most promising growth opportunities for the Columbia Basin.

Increase support of local entrepreneurship / small business development: Local residents themselves can provide an important engine for economic growth, by investing in entrepreneurial enterprises or establishing their own small businesses. Some Inland Northwest communities are enjoying success with programs to find local entrepreneurs and promote local entrepreneurship. However, these prospects often need to be matched with investment capital – and access to capital is still a hurdle to overcome in most areas.

Link communities with workforce development efforts: Current workforce skills and training for Inland Northwest communities seldom fulfill the requirements of emerging sectors of the new economy. To close this gap, workforce development programs – usually operated in partnership with higher education institutions – are integral components of community diversification strategies. Examples include apprenticeship programs, technology skills training, and tailored training to meet the precise requirements of expanding employers. To be effective, these workforce programs must be closely linked to community economic diversification efforts.

Pursue sustainable natural resource strategies: Local Inland Northwest economies remain heavily dependent upon natural resource-based sectors. These resource-dependent communities, in particular, are striving to attain a sustainable level of agriculture and forest production. Examples of emerging products include “natural” beef and ready-to-assemble furniture. Communities also want to explore new natural resource opportunities including ecosystem restoration, fire prevention, and sustainable energy generation.

Establish partnerships with federal land managers: To achieve sustainable levels of natural resource production, many communities want to establish closer relations with the federal land management agencies that hold the keys to their future. As production on federal lands has dwindled, some land management decisions have been moved away from the local level, and contacts with federal land managers have become less frequent. New partnership arrangements are a priority for communities across the region, to identify and pilot sustainable job development projects.

Expand infrastructure investments: Every Inland Northwest community and tribe is working to address problems of inadequate and aging infrastructure. Local needs include upgrading traditional community facilities – roads, sewers, water – but also installing new telecommunications infrastructure that is crucial to support emerging economic sectors in remote locations. To retain and attract employers, and to provide incentives for local young people to remain or return, some communities and tribes also place a priority on their “quality of life” infrastructure – parks, libraries, community centers, senior centers, etc. To supplement the ongoing efforts of local communities and tribes, state and region-wide infrastructure funding programs will be needed, contributing to a systematic and sustained regional investment strategy.

Develop tourism: Many parts of the Inland Northwest region continue to attract visitors. In these communities the challenge is to develop a tourism industry that adds value and contributes to local socio-economic vitality, while guarding against the unwanted impacts that tourism can bring. For a region that is so rich in natural resources, history and cultural heritage, niche markets – such as eco tourism, cultural / heritage tourism, and adventure travel – hold particular promise. Examples of this tourism include: working stays on guest ranches / farms; and interpretive guide services.

Inland Northwest – Effective Community Strategies

- ✓ Business development
 - Retention and expansion
 - Connect with urban markets
 - Diversification strategy
 - Targeted recruitment
- ✓ Local entrepreneurship / small business development
 - Identification of entrepreneurs
 - Access to capital
- ✓ Workforce development
 - Skills for new technology
- ✓ Sustainable natural resources
 - Forest products
 - Value-added agriculture
 - Ecosystem restoration and investment; fire prevention
 - Energy generation
- ✓ Partnerships with federal land managers
 - Job development pilot projects
 - Decentralize federal / state offices for rural programs
- ✓ Infrastructure investments
 - Systematic / sustained investment strategy
 - State and region-wide funding strategies
 - Telecommunications solutions
 - “Quality-of-life” infrastructure
 - Meeting basic needs for small communities: “affordable projects”
- ✓ Tourism
 - Value-added, “place-based” tourism, adapted to local opportunities and priorities
 - Eco tourism, culture / heritage, adventure travel
- ✓ Community capacity-building
 - Local strategic planning
 - Ongoing leadership development
 - Regional coordination / collaboration
 - Local consensus building
 - Adequate paid staff to allow all communities to participate

Technical Appendix

Table of Contents

A separate Technical Appendix has been prepared to supplement this summary report for the Inland Northwest Economic Adjustment Strategy. Components of the Technical Appendix are listed below.

Appendix A

Appendix A illustrates each of the socio-economic vitality and descriptive indicators for all 97 counties and 14 tribes included within the Inland Northwest study area. Data for the counties are mapped according to the level of socio-economic vitality they are experiencing by each indicator. Maps are in GIS format. Tribal data are illustrated using bar graphs. Appendix A is organized as follows:

Socio-Economic Vitality Indicators

- Population Change (annual percentage change 1990-99)
- Net Income Difference between In-migrants and Out-migrants (1997-98)
- Per Capita Income (1997)
- Change in Per Capita Income (1990-97)
- Public Assistance (as percent of total income – 1997)
- 24-Month Unemployment Rate (1997-98)
- Labor Force Participation Rate (population age 16+ as a percent of total labor force – 1998)
- Employment Change (annual percentage change 1990-97)
- Output per Job (total output divided by total jobs – 1997)
- Assessed Value per Capita (1998)

Descriptive Indicators

- Change in Proportion of Population Age 0-17 (1990-98)
- Change in Proportion of Population Age 65+ (1990-98)
- Natural Resource Employment as Percent of Total Employment (1997)
- Wage & Salary income as a Percent of Total Income (1997)
- Self-Employment Income as a Percent of Total Income (1997)
- Value-Added as a Percent of Total Output (1997)
- Proportion of Output Exported (1997)
- Private Timber Harvest Trends (1990-98)
- Proportion of Land Under Federal Ownership (USFS, BLM, BIA, DOD, DOE)
- Percent Change in Timber Tax & PILT Receipts (1990-97)
- Proportion of Area Regulated by Bureau of Indian Affairs

- Change in Value of Agricultural Production (1992-97)
- Annual Percent Change in Animal Unit Months (AUMs) – 1990 to 1999

Tribal Indicators (1997 data)

- Total Population Base
- Proportion of Population Age 0-15
- Proportion of Population Age 65+
- Unemployment Rate
- Labor Force Participation Rate
- Total Employment Base
- Proportion of Employed Residents in Poverty

Appendix B

Columbia Basin Socio-Economic Assessment – Phase II, Forest Products Data: 1989-2000, Paul F. Ehinger & Associates, April 2001 (76 pages).

Appendix C

Inland Northwest Economic Adjustment Strategy, Case Studies, Barney & Worth, Inc. and co-contributors, July 2001 (52 pages).

Appendix D

Inland Northwest Socio-Economic Analysis – Phase II Results (slide presentation), Barney & Worth, Inc. and co-contributors, June 20, 2001 (46 slides)

*Copies of the Technical Appendices are available from the web-sites for the Idaho Department of Commerce: **www.idoc.state.id.us**; Montana Department of Commerce: **www.commerce.state.mt.us**; Oregon Economic & Community Development Department: **www.econ.state.or.us**; Washington Community Economic Revitalization Team: **www.wacert.wa.gov**; or by contacting Barney & Worth, Inc. (info@barneyandworth.com)*

For More Information:

Results of the Inland Northwest Adjustment Strategy and Regional Socio-Economic Assessment are detailed in a Summary Report, with additional maps and data available in a Technical Appendix. These documents may be obtained by visiting the web-sites for the Idaho Department of Commerce: **www.idoc.state.id.us**; Montana Department of Commerce: **www.commerce.state.mt.us**; Oregon Economic & Community Development Department: **www.econ.state.or.us**; Washington Community Economic Revitalization Team: **www.wacert.wa.gov**; or by contacting Barney & Worth, Inc. (info@barneyandworth.com)

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